



# University of Worcester

Report and Financial Statements  
31<sup>st</sup> July 2015

**REPORT AND FINANCIAL STATEMENTS 2015****CONTENTS**

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**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> JULY 2015****UNIVERSITY OF WORCESTER DIRECTORATE AND PROFESSIONAL ADVISERS****Vice Chancellor and Chief Executive**

Professor David Green MA (Cantab.)

**Deputy Vice Chancellor**

Professor Rosalind Foskett MA PhD PGCE FHEA (retired 31<sup>st</sup> August 2014)

**University Secretary and Pro Vice Chancellor (Students)**

Mr John Ryan MBE (retired 31<sup>st</sup> July 2015)

**Independent Auditors****External**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
19 Cornwall Street  
Birmingham  
B3 2DT

**Internal**

Baker Tilly Business Services Limited  
St Philips Point  
Temple Row  
Birmingham  
B2 SAF

**Bankers**

Lloyds Bank  
125 Colmore Row  
Birmingham  
B3 3SF

Barclays Bank PLC  
One Snowhill  
Snowhill Queensway  
Birmingham  
B4 6GB

**Solicitors**

Shakespeare Martineau LLP  
No 1 Colmore Square  
Birmingham  
B4 6AA

**Insurance Brokers**

Henderson Insurance Brokers Limited  
No 1 Whitehall Riverside  
Leeds  
West Yorkshire  
LS1 4BN

**REPORT AND FINANCIAL STATEMENTS 2015****MEMBERS OF THE BOARD OF GOVERNORS**

The members of the Board who were in office during the year and up to the date of signing the financial statements were:

Mr Julian Pallett	(Chair) Independent (retired 31 <sup>st</sup> July 2015)
Mr John Bateman OBE	Independent (Chair from 1 <sup>st</sup> August 2015)
Mr Lewis Arnold	Student (joined 1 <sup>st</sup> June 2015)
Mr Carl Arntzen	Independent
Mrs Michelle Chamberlain	Independent
Professor Michael Clarke	Independent (retired 31 <sup>st</sup> July 2015)
Mr Thomas Clarke	Student (retired 30 <sup>th</sup> May 2015)
Mr Douglas Dale	Independent (Joint Vice Chair)
Mrs Odette Fielding	Co-opted
Mrs Diana Gant	Independent (joined 1 <sup>st</sup> August 2015)
Professor David Green	Vice Chancellor
Mrs Anna Hooper	Independent
Mr Wesley Hudson	Student
Mr David Iddon	Co-opted
Mrs Aude Leonetti	Independent (Joint Vice Chair)
Dr Derek McDougall	Staff
Mr Mike Newitt	Independent (Joint-Vice Chair) (retired 31 <sup>st</sup> May 2015)
Mr Zadvinder Padda	Independent
Mr Tim Patrickson	Independent (retired 31 <sup>st</sup> May 2015)
The Rev'd Alwyn Pettersen	Co-opted
Mrs Charmian Richardson	Co-opted
Mrs Sarah Speck	Independent
Mrs Julie Swan	Independent
Dr Richard Woolley	Staff
Mr John Yelland	Independent (joined 12 <sup>th</sup> September 2015)

## OPERATING AND FINANCIAL REVIEW

### FOR THE YEAR ENDED: 31<sup>st</sup> JULY 2015

This statement covers the period 1<sup>st</sup> August 2014 up to 23<sup>rd</sup> November 2015.

#### SECTION 1: Strategies and Objectives

The University's current Strategic Plan, 2013-2018 was launched in January 2013. The Plan, like its predecessor, was the product of a widespread consultation process involving staff, students, governors and external stakeholders, including the University's many partners – educational, business and community-based. This very inclusive process of consultation and engagement in itself reflects the strong and enduring values to which the University is committed. The Strategic Plan includes a powerful re-statement of these values:-

- Intellectual openness, honesty and love of learning;
- Human equality and dignity;
- Democracy and mutual respect;
- Educational and social inclusion;
- Environmental sustainability and social responsibility;
- Ethical and professional behaviour; and
- Active engagement and partnership.

These values continue to guide the University's priorities, vision and mission. They are expressed through the promotion of a culture of friendliness, creativity, imagination, dynamism, and effectiveness.

Our values translate into a mission for the University of Worcester that is ambitious and inspirational. The University's mission is:

- To be an outstanding University at which to be a student;
- To motivate and empower our students, graduates and staff to make a first rate contribution to society;
- To inspire our students to reach their full potential, through excellent, innovative teaching, scholarship and research;
- To foster and disseminate independent and distinctive scholarship and research, to achieve major, beneficial, social impact;
- To be an outstanding University at which to be a member of staff;
- To make a transformational contribution to the positive development of the cultural, social and economic life of the City of Worcester and wider region; and
- To stand out as a visionary and inclusive University that challenges and overcomes barriers to participation in higher education.

In adopting the Strategic Plan, the Board of Governors took into account, and responded to, the significant changes in HE introduced by the Coalition Government in the period 2010-2013. The Board also sought to ensure that the Plan would remain relevant in the context of further changes trailed by the Government for implementation during its remaining lifespan. Thus, the Plan acknowledged the implications for the sector, and for the University, of the withdrawal of state funding from universities in England and of the removal of controls of student numbers from 2015/16. The changes introduced have intensified competition between institutions, and it is still too early to predict the long term impact of these changes. Young people continue to perceive higher education as an attractive choice, confirmed by UCAS figures, including people from poorer backgrounds. Nonetheless, it will remain a challenge to demonstrate to young people and society more generally that higher education represents a worthwhile personal and public investment. Universities will need to demonstrate that they make a crucial economic contribution. However, their role in the 21<sup>st</sup> century is much broader. They make a crucial contribution to public benefit

## SECTION 1: Strategies and Objectives *(continued)*

and play a transformational role in the lives of people through widening access and inspirational teaching and research. They enrich the social and cultural lives of the communities they serve and act as agents for regeneration, growth, social cohesion and inclusion. Going forward universities will need to articulate their purpose even more clearly and to demonstrate their relevance and importance to individuals and organisations, including those who question their value. The University of Worcester recognises these challenges, and in order to respond, has developed a well-reasoned and institution-wide strategy that is based on a proper analysis of the context, and the opportunities it presents.

To respond to the new context and to meet these challenges the University is committed to:

- Even higher quality of education for the University's students;
- A sustained emphasis on the professionalism of the University's staff, which will be a strong theme in the University's distinctive offer;
- A new strategy to engender a culture of participation and active citizenship;
- A significant improvement in the quality and quantity of published scholarship and research;
- A renewed strategy for partnerships with educational, business, arts, cultural and public service organisations to fulfil the University's role as a key engine for opportunity, creativity, wealth creation and improved public services;
- A revised financial strategy, with a greater emphasis on entrepreneurial and commercial activity, to assure the financial stability of the University, its independence and growth;
- The further development of a vibrant campus with high quality facilities at the City, St John's, Riverside and University Park;
- A new strategy for international work, providing opportunities for staff and students to engage on a global level, supported by high quality international partnerships;
- The further development of strategic work to consolidate the University's reputation as a good employer and to be perceived as an outstanding University at which to work; and
- A reaffirmation of the University's commitment to inclusive values and to equality and diversity.

The Strategic Plan, 2013-2018, identifies a number of cross-cutting themes which will inform all of our activities and which together, will help us to achieve our mission:-

- A professional university with inclusive values;
- A highly participative community;
- Purposeful engagement with people of the region; and
- An international focus.

The University's academic provision extends across a very broad base. We recognise the importance of making connections between different and cognate areas. There is immense value in forging inter-disciplinary approaches to teaching and learning and research, in terms of both the academic and learning experiences of staff and students, and the roundedness of the skills and experiences that our graduates will take into the work place. We have identified four 'Areas of Distinction', and we aim to bring together educators and learners from subjects and disciplines across the University, to develop curricula and research that are cutting edge and transformative. These areas are:

- Children and Young People;
- Human Health and Well Being;
- Arts, Culture and Heritage; and
- Economic, Social and Environmental Sustainability.

Through securing the financial health of the University, making the most of the University's most important resource – the people who work here, further enhancing the University's reputation as a well-

**SECTION 1: Strategies and Objectives (continued)**

governed and well-led University, and investing purposefully in the University's facilities, the University will realise the ambitious objectives and priorities in the new Strategic Plan, building on previous successes, ensuring that the University of Worcester remains a source of pride for students, staff, alumni, partners and members of the community it seeks to serve.

Last year's report noted the Board's intention to evaluate the appropriateness and progress towards the achievement of the objectives set out in the University's strategic plan. This process is on-going. The Board held an extraordinary meeting in November 2014, which took place against a background whereby for the first time in almost a decade the number of applications to study at Worcester, and the number of students admitted, decreased. The University's performance in the National Student Survey, published in April 2014, was also disappointing. Although the underlying financial position of the University remained good, the Executive and the Board recognised that, if the University was to achieve its ambition action was required to restore the University as a "University of Choice", and to achieve higher levels of student satisfaction. The November meeting of the Board therefore concentrated on exploring the various initiatives that were being adopted to increase applications for 2015 and 2016, and to enhance the student experience.

At the time of writing (September 2015), all indications are that the measures taken have been effective – in the 2015 National Student Survey the percentage of students satisfied with their overall experience increased from 83% to 87% and it is anticipated that the University will admit approximately 500 more students than in 2014 although this figure will not be substantiated until the census date of the 1<sup>st</sup> December. The Executive and the Board will continue to implement measures to ensure that the improvements achieved are maintained. A process of curriculum review and development is on-going, including the introduction of new subject areas, and the development of inter-disciplinary courses that are highly relevant in the 21<sup>st</sup> century.

The University Executive and the Board of Governors are engaged in a review of the 2013-2018 Strategic Plan (a special meeting of the Board of Governors was held on 12<sup>th</sup> September 2015), taking into account the new environment post the May 2015 general election. The intention is that in the course of 2015/16, a revised Plan will emerge.

**SECTION 2: Public Benefit Statement**

As a Higher Education Corporation, the University is listed as an exempt charity under the Charities Act 2011. As such, the University benefits from the status of a charity but it is not registered with the Charity Commission. The Higher Education Council for England (HEFCE) is responsible for ensuring that universities as exempt charities fulfil their obligations under charity law.

The University's trustees, in formulating this statement, have paid due regard to the Charity Commission's public benefit guidance and their responsibility to provide information about how they have delivered their charitable purposes for the public benefit.

The powers of the University of Worcester Higher Education Corporation derive from s.124(i) of the Education Reform Act 1988. The University has the power to:

- Provide higher education
- Provide further education
- Carry out research and publish the result of research

**SECTION 2: Public Benefit Statement (continued)**

These also constitute the charitable objectives of the University.

The opening lines of the University's Strategic Plan 2013 – 18 state: "We aim to make a truly transformational contribution to the lives of our students, staff and the people of our region, and to make a very positive impact in society more broadly."

This commitment is developed in the narrative which outlines the University's key role in generating investment in human and physical capital, but goes much further than this: "It is therefore important that universities are able to demonstrate the wider role they play in society and their contribution to public benefit: the transformational role they play in the lives of people through widening access and inspirational learning and teaching; their contribution to the social and cultural lives of the communities they serve."

Part of the University's mission is "to motivate and empower our students, graduates and staff to make a first rate contribution to society" and "to foster and disseminate independent and distinctive scholarship and research, to achieve major, beneficial, social impact". In its ambition to impact positively on society, the University aims to be an exemplar of how an institution of higher education can deliver outstanding public benefit, especially for the benefit of the community we serve.

The trustees identify a number of beneficiaries of the University's charitable activities: applicants (and potential applicants); its students; users of services which have benefited from the outputs of the University's research and knowledge transfer activities; service users, especially in the Health and Education sectors; and members of the community who benefit from the University's public engagement activities.

Undoubtedly, the University's growth and its mission to ensure that it is a University of and for its community have benefited the public. The University commissioned Economic Insight Ltd to prepare a report on "The Economic Impact of the University of Worcester", which published its final report in July 2015. Whilst the primary focus of this study was to estimate the University's economic impact, the study also includes a qualitative assessment of the University's cultural and social impact. The report recognises that the University of Worcester has a number of unique features, including The Hive, the first public/university partnership in Europe, and The Arena, a leading sports venue purpose built for disabled users. As such the report notes that there are "good reasons to suppose that its (the University's) wider benefit to society may be larger than implied by purely economic measures." The report found that the University of Worcester makes a significant contribution to the UK and local economies:

- i) In total the University contributes gross value added (GVA) of £231m to the UK economy and creates total employment of 6,916 - the equivalent to around £1m every working day
- ii) The majority of the impact occurs in local economies. In particular, the University contributes £203m of GVA to the West Midlands economy, of which £160m is retained in Worcestershire. Its economic impact on Herefordshire, although smaller, is still material, at £12m GVA.
- iii) The University has grown rapidly in recent years, and plans to continue doing so. Based on reasonable assumptions, the University's future GVA impact could increase to £300m by 2020.

In its qualitative assessment of the University's social and cultural impact the Report finds that the University contributes significantly to the social and cultural benefits within the localities in which it operates. The Report identifies 5 key social and cultural impacts against which the achievements of the University were measured:



**SECTION 2: Public Benefit Statement (continued)**

- Social and community cohesion
- Citizenship and civic engagement
- Health and well-being
- Personal development and social mobility
- Image and regeneration

The study scored each outcome and activity of the University of Worcester (The University, The Hive and The Arena) against a relevant benchmark, using data supplied by the University and other publicly available information. Each outcome and activity was scored high, medium or low. The University was also benchmarked against other universities.

In all three cases (University, Hive, Arena) the majority of activities and outcomes scored highly. In particular, the Report identified that the University of Worcester is a key enabler of social and community cohesion, through the integration of university and community facilities, which bring a wide range of groups, from various diverse backgrounds together. The University also performs particularly well with regard to social mobility.

Detailed results for the University show that the impact student volunteering had on Citizenship and Civic Engagement is high, higher than comparative universities. In the area of Social and Community Cohesion, the University scores highly in the context of cultural awareness, community integration, general health and well-being. Notable examples include: the Infirmary Museum, described as a cultural asset (between 2012 and 2014 the museum attracted a total of 3,534 attendees to family and special events, conferences and a further 1,652 to group bookings); the role of the University Community Forum in facilitating community integration; the contribution the Media Lab and the Win-Win student group make to supporting local businesses. The Report also notes the contribution the University makes to the image and attractiveness of Worcester as a tourist destination, through its work with the Worcester heritage partnership, the Worcester tourism association and the Hive and University arts committees. The following information is included to demonstrate the scope and scale of the contribution made by each of the three facilities: The Hive, The Arena, and the Infirmary Museum:

**The Hive**

At a time when many public libraries are being closed, the University has entered into an innovative partnership with the local authority to create the first integrated university/public library in Europe. The Hive has been open for 94 hours a week for over three years. While unsurprising for a university library, this is extremely rare for a community library.

The Hive has achieved national recognition through many awards with over 40 nominations to date, including reaching the shortlist for the Times Higher Community Contribution award this year. The Hive is a powerful statement of belief in learning and inclusion through social innovation and has proved itself a successful pioneering venture. In a city with a population of 120,000; 26,775 additional people now belong to the library, including more than 6,000 extra children. Teenagers and young people (excluding University students) borrowed 572% more than in the final year of the previous Worcester Library. From 2<sup>nd</sup> July 2012 to the end of May 2015 the average number of issues per year by non-University of Worcester adults was 538,129, an increase of 96.4% over the equivalent figure of 2011/12 at Worcester Library.

As well as books, documents, archives, digital technology and services from both the University and Council, The Hive houses exhibition space within an atrium, a studio theatre, meeting rooms, a business centre, study areas and a café. Importantly, these resources are available to all. Notable activities this year include: a children's illustration exhibition in association with a leading international publisher;

## SECTION 2: Public Benefit Statement *(continued)*

commemorations of the Holocaust and genocide in Srebrenica; and a series of public lectures delivered by University of Worcester Professors. Now in its 9<sup>th</sup> year, the highly successful University of Worcester Beeline storytelling festival reached over 3,000 children in October 2014 through workshops and performances across the region, including a number of public sessions at The Hive.



David Willetts MP (then Minister of State for Universities and Science), meeting Nursing students in the University's skills rooms

In a speech at the 2014 Universities UK Conference on outreach and inclusion, delivered after a visit to The Hive, David Willetts MP, then Minister of State for Universities and Science, said: "The University has broken new ground in really bringing its community onto its campus. Its inspirational new library, The Hive, is a fabulous resource for students and researchers. But it is also pulling in people – especially disadvantaged young people – from outside in a quite remarkable way. Nearly four times as many children are now taking out books to read. Kids who had never set foot in a university before go there voluntarily to do their homework. University students run drama workshops for children at the weekend. And The Hive's work club and adult learning programmes are having a big impact too, with a growing track record of people securing jobs or picking up their education again."

### **The University of Worcester Arena**

The University of Worcester Arena is an iconic sports venue that has risen spectacularly from the rubble of an abandoned fruit and vegetable market to stand proudly in the heart of Worcester. Officially opened by Sir Philip Craven, the President of the International Paralympic Committee, who described it as "a wonderful place" created by "the right people with the right attitude", the Arena has been attracting international sport, live national television coverage and sell-out crowds to the City.

The University's Economic Impact Report states that the Arena provides 'high impact' benefit across a range of activities and outcomes to the community in which it operates, including: building aspirations amongst the community; community spirit; tolerance towards others; health and well-being; and increasing the attractiveness of Worcester as a visitor destination. The Report noted the Arena's

## SECTION 2: Public Benefit Statement (*continued*)

significant economic contribution to the region and estimated the annual impact to be £9.4m, including visitor spend. In the period covered here, 75,000 people attended 108 events at the Arena: 77 regional events, 28 national and 3 international.

The Arena's tremendous influence was nationally acknowledged by winning the prestigious *Guardian* 'Buildings that Inspire' award in March 2015. Further recognition came from a high-profile delegation from the Tokyo 2020 Paralympic organising committee, who visited the Arena in April 2015. Delegate Dr Nobuko Tanaka believes that Worcester's example should be widely followed and stated: "It's the easy option to accept that something is unachievable, but the University sets out to achieve what others may dismiss. I have introduced the University's philosophy to the Tokyo 2020 organising committee in an attempt to spread that message."



Women's GB Wheelchair Team competing against Turkey at the European Wheelchair Basketball Championships 2015 hosted at the University Arena

The European Wheelchair Basketball Championships, held at the Arena in September 2015, were a great success for the City and the University as well as for the athletes and all involved with disability sport. The event saw over 400 athletes and officials from across Europe compete, with both the GB Men's and Women's teams (who are based at the Arena) finishing in the medals and qualifying for a place at the Rio Paralympics. In previous World Championships, held in Korea and Canada, the final matches drew no more than 300 spectators. By comparison, over 1,600 people attended this year's Men's Final at the Arena and more than a quarter of a million people viewed it on the internet.

Other highlights at the Arena this year included hosting:

- The England Schools IZB (Inclusive Zone Basketball) finals
- The British University and Colleges Wheelchair Basketball Tournament
- The 2014 Netball Super League Finals, as well as a full netball international against South Africa
- Many other national and regional events in sports from Badminton to Taekwondo

## SECTION 2: Public Benefit Statement (*continued*)

As well as all these International and National Sports events, the Arena is used day in, day out by thousands of students, talented athletes and members of community clubs.

The Arena is also increasingly hosting a wide range of arts events. The BBC National Orchestra of Wales gave a spectacular concert at the Arena and a week later, Lee Nelson headlined an evening of comedy. 2,000 school children from over 30 schools came together in May to take part in 'The Big Sing'. Delivered in partnership with the BBC, Worcestershire Youth Music and the Worcestershire Music Hub, the event offered an inspiring occasion for children to participate in a large-scale, choral initiative under the guidance of acclaimed choral director Ula Weber.

### **The Worcester Wolves**

In 2014, the University purchased the pro league basketball team, the Worcester Wolves. Although the team and the University have worked in partnership over the last 15 years, full ownership of the team has enabled the creation of new and expansive opportunities for community outreach.

According to the latest Active People Survey, Basketball is the second most played team sport nationally, behind football. It has the power to inspire and unite future generations, with 70% of participants under 25 years old and half of its players drawn from Black and Minority Ethnic communities.

Basketball at Worcester is the centre-piece of a model that blends sport and education in an exhilarating mix that is breaking down barriers and creating a wealth of diverse opportunities. Participation in sport helps people learn crucial skills such as team-work and self-discipline and improves physical health. Taking part is enjoyable, expressive and promotes inclusion in society. The thriving running game, combined with wheelchair basketball programmes, all based at the University of Worcester Arena, provide marvellous opportunities for learning through sport. In the past year, thousands of children in Worcester and across the UK have benefited from inclusive basketball activities.

The Wolves and the University were highlighted for excellent practice in the Basketball All Party Parliamentary Group Inquiry Report in 2014 and were commended for 'making a difference to the social challenges affecting young people.'

Specific Worcester Wolves/University highlights over the past year have included:

- Selection as a national BBL project hub, with Wolves players working alongside Worcester students to operate a community coaching programme in Hereford and Worcester, with an annual throughput of 9,750 children aged between 14 to 25 taking part
- Supporting failing schools with educational initiatives to lift morale of both staff and students
- Offering focused and motivational seminars to over 100 students from disadvantaged backgrounds and enabling them to attend international basketball clinics
- Developing a unique partnership with Greenhouse Sports, a London-based charity working with 47 schools to raise educational aspirations of youngsters through sport
- Introducing the UK's first English language/Spanish Basketball camp, involving 50 Spanish children and a further 50 local youngsters in collaborative language activities
- Forming a UW Worcester Wolves Wheelchair Basketball Club and supporting Wheelchair Basketball outreach initiatives, which engaged 2,000 children
- Raising the wider profile of the University and highlighting its educational benefits by generating nearly 2,000 press articles (20% of the University's total annual press coverage); equating to an advertising value equivalent of over £2m.

**SECTION 2: Public Benefit Statement (continued)****The Infirmary Museum**

The Infirmary Museum provides a shop window on the University for the local community: sharing the important medical history of the building and engaging with schoolchildren, students and the community on matters relating to history, healthcare, science and technology.

The project, funded by the Heritage Lottery Fund and a collaboration with the Charles Hastings Education Centre, was independently evaluated in the autumn of 2014 and complied with the approved purposes of the grant. An ambitious programme of events and workshops to engage all stakeholders and contribute to the heritage offering of the City continues. Volunteers play an enormous role in all aspects of The Infirmary Museum and in the time covered by this report, shared 1,024 hours of work; 32% of these were given by students (from the University, Further Education or school placements).

In an exciting development, The Infirmary Museum, in partnership with George Marshall Medical Museum, has been selected from a highly competitive field to be one of ten partner museums in The British Museum on the Learning Museum project. A *Skills for the Future* Trainee will be recruited for 12 months from September 2015. The appointee will run Taster Days to encourage young people to engage with the activities of museums and to regard them as a possible source of employment.



A new model for delivering educational workshops has been devised and a funding request made to the Heritage Lottery Fund. This will support the Museum in training student ambassadors to deliver education workshops, which will enable a greater number of schools to be reached and the opportunity to include heritage and history content during community visits.

The following table summarises activities at the Museum in 2014/15:

School and Further Education Sessions	13
School and Further Education Participants	332
University sessions	30
University student participants	529
Community group sessions	20
Community group participants	247

**SECTION 2: Public Benefit Statement (continued)****Suicide Safer**

Last year's report referred to the "Suicide Safer" project, which was led jointly by the University's Pro Vice Chancellor (Students) and Professor Jo Smith, an honorary professor in the University's Institute of Health and Society, who has a professional and research interest in suicide. The project brings together staff at the University (academic and from the University's very well regarded Counselling and Mental Health Service), Worcestershire County Council, the NHS, and third sector groups. It has a number of strands – student and staff support; the development, dissemination and sharing of support materials for those contemplating suicide and those affected by suicide; research; continuing professional development. It seeks to contribute to a Suicide Safer University, City and County. The project is attracting national attention and has generated opportunities for partnership locally, with other HE providers, and with a range of charitable foundations, including those which have been established by individuals and families who have experienced bereavement as a result of the suicide of a close family member.

**Moon Mission**

Designed to encourage local people to participate in more physical activity, the University's 'Moon Mission' was launched in March 2015, with the ambitious target of inspiring people from across the region to collectively log 477,714 miles – the distance to the moon and back. People got involved in salsa, swimming, rowing, pushing, hopping, badminton, golf, rugby, football, basketball and many other activities, with individuals, groups, clubs and companies all involved.

The University worked in partnership with a number of local organisations across Worcestershire and Herefordshire, including the County Councils, Chamber of Commerce, Age UK, the Sports Partnership and Community First in order to engage not just those who already take part in sport or exercise, but also members of the community who are less physically active or socially isolated.

**Student Admissions Policy**

The University aims to provide fair and equal access to a university education to all those who have the potential to succeed or benefit. The University welcomes applications from motivated students with appropriate qualifications, traditional and non-traditional, academic and vocational. The Policy states that the University is committed to widening access and participation in higher education by raising awareness and expectations in the pre-University community in order to increase the number of candidates who can benefit from our provision. No student will be subjected to less favourable treatment on grounds of race, ethnicity or national origins, colour, gender, sexuality, age, parental status, marital status, disability status, creed, political belief or social or economic background. The Policy also commits the University to use contextual data in considering applications from pupils at schools and colleges where attainment is affected by a range of socio-economic factors.

**Widening Participation**

Widening Participation and increasing opportunities for access to higher education from under-represented groups lies at the heart of the University's values and mission. Like all institutions of higher education the University is required to have in place through the Office of Fair Access (OFFA) an approved Access Agreement. This allows the University to charge a fee above the basic fee but to do so the University must commit to spending a certain proportion of fee income on access and outreach and activity which supports student achievement.

**SECTION 2: Public Benefit Statement (continued)**

The University must also set milestones and targets relating to the proportion of students it admits from under-represented or disadvantaged groups. The University is required to report annually on progress against these targets. In its monitoring report to the Office of Fair Access in January 2015 the university was able to record that it has exceeded some targets and is on target to achieve others. The University remains focussed on both the intake of students and on their successful experience of the University. The targets are reviewed regularly and form the basis of our planning.

Our ambition to support as many students as possible through the provision of £3,000 scholarships saw the University award a total of £2,556,609 to students from a household whose residual income is £25,000 or less. This exceeded significantly the contribution the University is required to make to the National Scholarship Programme. Our commitment to widening participation finds expression in:

- An extensive outreach programme that includes specific partnerships with schools and colleges to raise aspiration and achievement and progression to higher education;
- A University-wide mentoring scheme that trains students to act as mentors to pupils in schools with a poor record of achievement and progress – a new mentor training programme was launched in 2013;
- A pre-entry advice and guidance service, providing a service to adults considering returning to full and part-time education, and to representatives from particularly under-represented groups, including Black Ethnic Minority (BME) groups and migrant workers;
- Significant support from a widening participation background including: tailor-made induction courses for mature students; a disability support services; and study skills support to assist with the transition to higher education, especially those from backgrounds where there is little or no history of engagement with higher education;
- A Finance and Welfare Advisory team in Student Services which provides pre-entry and on-going advice to students on all financial matters;
- A Mental Health Advisory Service which provides on-going support to students who have a mental health condition;
- An annual Children's Storytelling and Creativity Festival, now in its ninth year;
- An award winning touring production, produced, directed and acted by Drama students, entitled 'Why Bother?' which tours schools throughout the region and surrounding areas;
- 'Learning through Sport', a programme run through the Institute of Sport and Exercise Science, works with primary schools that feed into local secondary schools with the lowest progression rates into higher education. The programme includes fun sporting activities to support children in Key Stage 2 Maths and English, and basketball coaching by members of the Worcester Wolves basketball team and undergraduate students.

We have also been able to resource several innovative new programmes of work which seek to support the recruitment, retention and success of students entering the University from under-represented groups these include:

- A number of Graduate Ambassadors, recruited and trained to work specifically with students from backgrounds where there is no previous experience of higher education;
- Health and Society mentors working to raise the profile of non-traditional study routes, for example attending specialist conferences for groups of young carers, young people in care and on a wider scale through 'bus tours';
- Research into effective communication and marketing for Early Years training, focussing specifically on males and students from BME backgrounds;

**SECTION 2: Public Benefit Statement (continued)**

- Various projects and outreach activities providing in excess of 100 mentoring and ambassador opportunities for University of Worcester students, all of which are supported by a full training and support programme;
- Pre-entry ambassadors working within early years settings to support students from BME backgrounds to progress to higher education;
- Intensive summer Arts workshops to enhance learner's practical portfolios to support their progression to higher education programmes.



Drama Summer School for school children

In addition we have considerably expanded our collaborative work with both our Associate Colleges, conducting research into study skill needs for students hoping to progress to higher education who have BTEC or other non-traditional qualifications. Our collaboration with other West Midlands HEIs through our engagement with the Aimhigher programme has grown and we have delivered a number of our own outreach programmes to pupils in the Birmingham and Solihull area. This is due to expand in 2015/16 with a full subscription to the partnership through which we will deliver residential summer school to a whole West Midlands cohort and participate in a national Network for Collaborative Outreach; this will maximise our potential audience through a single point of contact hosted as part of our Aimhigher partnership.

The University offers a particularly inclusive and supportive environment to students who have a disability. Alongside the excellent physical resources the University has always endeavoured to provide timely and appropriate support to students on an individual basis. The recent announcements that changes will be made to the way in which the Disabled Student Allowance (DSA) will be administered has caused great concern for the University. We shall monitor the impact of any changes very carefully and will take action to mitigate any impact on the ability of students with a disability to achieve their potential.

As reflected in the spend on financial support reported above, a high proportion of the University's students come from backgrounds which qualify them for maintenance grants. The Government has confirmed its intention to abolish the current grant system for new students from 2016 onwards. Instead all students will be expected to take out loans. It remains unclear how this will impact on the number of people from poorer backgrounds applying to University. The University will monitor the situation closely and will ensure that potential applicants receive appropriate financial advice.



## SECTION 2: Public Benefit Statement (*continued*)

### Research and Knowledge Transfer

Part of the University's mission is "to foster and disseminate independent and distinctive scholarship and research to achieve major, beneficial, social impact". This is elaborated in the University's Research Strategy 2014-2019 which identifies six high level aims focused on: developing our research culture; developing our researchers; enhancing the quality of our research; increasing income from research; **ensuring our research makes a difference to people's lives**; and enhancing our governance systems to assure the quality and integrity of the research.

The University's success in growing its research capacity and in supporting research which has an impact beyond the academic sphere is reflected in its substantial submission to the Research Excellent Framework 2014 (REF 2014), the periodic assessment by the Higher Education Funding Councils of the quality of research in UK HEIs. The University submitted 25 staff to 4 Units of Assessment (UoA) in the 2008 Research Assessment Exercise (RAE 2008). It submitted 112 staff to 11 Units in the REF 2014, representing a more than fourfold increase in staff submitted and signifying the significant increase in the University's research output. The outcomes of REF 2014 were published in December 2014 and saw a significant increase in the quality of our research. A third of our submitted research was adjudged world leading or internationally excellent with a further 40% identified as internationally recognised. The results also highlighted the impact our research is having, i.e. the extent to which it is leading to significant social, economic, cultural, environmental and health benefits nationally and internationally. 14 out of the 22 impact case studies submitted as part of the assessment process were identified as showing outstanding or very considerable impact. There were as follows:

- Addressing the Childhood Obesity Problem in the West Midlands; enhancing child weight management programmes (Sport & Exercise Science);
- Advancing healthcare policies and practice in Europe for people living with dementia and their carers (Allied Health Professions, Dentistry, Nursing and Pharmacy);
- Bridging the gap between academic and professional theatre discourses in the reception of Shakespeare's plays on stage and in translation – a Romanian Case Study (English Language & Literature) ;
- Developing new approaches to teaching creative writing in English primary schools (English Language & Literature);
- Enhancing policy and practice in career management and development (Business & Management);
- Enhancing practice and influencing policy in vocational education and training (Education);
- Enhancing the evidence base for child health interventions (Psychology, Psychiatry and Neuroscience);
- Improving crop protection for brassicas through the developing of in-field device to detect fungal pathogens (Biological Sciences);
- Supporting multiculturalism through children's book illustration (Art & Design);
- Supporting public remembrance and commemoration and the development of the UK's first national centre for remembrance (History);
- The centenary of Birmingham Rep; developing public and professional recognition of the Rep's distinctive history and role within the national culture of contemporary British theatre (Music, Drama, Dance and Performing Arts);
- The preservation of national heritage in Sierra Leone and new approaches to public presentation and dissemination of historical material in the aftermath of civil war (History);
- Wetland Management and Sustainable Livelihoods in Africa (Geography, Archaeology and Environmental Studies).

## SECTION 2: Public Benefit Statement (*continued*)

The outcome of the REF 2014 acknowledged the success of the University's commitment to advancing its profile as a centre of excellence in applied research, and, in particular, research which has a public benefit. The University was one of the most improved institutions in 2014 and the University will make every effort to maintain and enhance its performance in any future REF. It has made a commitment to a further substantial increase in the number of staff it will submit and to a further increase in the quality of its outputs.

Specific examples of research activity in 2014/15 that directly benefits the public include:

- **Institute of Education**
  - Research to improve the guidelines for teachers working with students with mild cognitive impairment funded by the European Commission.
- **Institute of Health & Society (including the Association for Dementia Studies)**
  - An exploration of military ex-service and veteran's experiences of mental health services and the support needs of their families: an evaluation of engagement with services in South Staffordshire funded by South Staffordshire and Shropshire Healthcare NHS Foundation Trust.
  - A project called Over the Rainbow to develop a lesbian, gay, bisexual, and transgender dementia group and intergenerational support project funded by Innovations in Dementia.
  - An evaluation of education for NHS Scotland staff working with neonatal and children's services funded by NHS Education for Scotland.
- **Institute of Humanities and Creative Arts**
  - A project funded by the Arts and Humanities Research Council (AHRC) and BBC examining our place in the First World War.
  - A project funded by the British Library's Endangered Archives programme to ensure the continued existence of important historical archives in Sierra Leone.
- **Institute of Science and Environment**
  - A project, funded by the Danish Research Council and by a European Commission Marie Curie Fellowship, which seeks to develop a model to predict pollen and fungal spore release which will have significant impact on the health and well-being of hay fever sufferers.
  - A project, funded by the Biotechnology and Biological Sciences Research Council (BBSRC), developing new approaches for the early detection of tree health pests and pathogens.
- **Institute of Sport & Exercise Science**
  - A project, funded by Sports Coach UK, investigating the culture of coaching in UK sport which looks at the barriers for BEM, female and disabled coaches and suggests ways these might be removed and overcome.
- **Worcester Business School**
  - A project examining the impact of Applied Enterprise Practice on Business and Marketing Learning and the Development of Entrepreneurial Tendencies funded by the Academy of Marketing.

### Sustainability

The University is currently ranked 2<sup>nd</sup> out of 151 institutions in the *Guardian* People and Plant 'Green' League, the UK's only comprehensive and independent ranking of universities in the context of their record on sustainability matters. The University has been in the top 20 of the league tables for the past 6 years, improving its position year-on-year (in 2013/14 the University was ranked 4th). Of particular note was the University's achievement in the section on the Curriculum, where the University achieved a 100%

**SECTION 2: Public Benefit Statement (continued)**

score. The University retained its EcoCampus Platinum status in 2014/15, and also attained for the first time, ISO14001 accreditation. Having been the first university in England to achieve EcoCampus platinum status, we have successfully retained this status even though the University's estate has grown significantly.

Embedding sustainability in the curriculum has been a particular focus. The University has a successful partnership with the University of Gloucestershire, 'Learning for Sustainable Futures', designed to further embed sustainability across the curriculum. All projects, which are jointly supervised by the Quality and Educational Development and Sustainability departments, include a student element, many in a paid capacity.

There is close working between the University and the Students' Union. This, in 2014/15, has resulted in the University's successful participation in the NUS 'Responsible Futures' pilot. Responsible Futures involves certification of a whole institution's commitment to social responsibility and environmental sustainability. The University achieved a score of 234.5 (out of a possible 300) – the threshold for accreditation is 130. Areas of particular strength were the University's outreach work, particularly with schools in the region, and leadership. Last year's report referred to the HEFCE/NUS Student Green Fund project on energy issues in the private housing sector. The University is now working in partnership with the University of Birmingham and the Birmingham Guild of Students, taking and applying the learning from the first year of the project to another institution, to test its applicability across the sector. The project includes working with the National Landlords Association to encourage landlords of student properties to undertake retrofit measures to improve the thermal efficiency of their properties, alongside educating and supporting students in good energy habits. Legacy options for the project are under active consideration.

Last year's report referred to the governing body's major review in 2013/14 of the University's Carbon Management strategy, a further review is planned in 2015/16. We have been calculating and reporting on our carbon emissions since 2005/06. We made some early reductions in our carbon footprint, and were rewarded with gaining the carbon trust standard. However due primarily to the growth in the estate and students numbers more recently it has been difficult to make further reductions in carbon emissions. In the period 2008/09 to 2012/13, there has been a 42% increase in total income, a 46% increase in gross internal area and a 32% increase in the number of fulltime equivalent staff and students. When carbon emissions from energy (scope 1 and 2) are compared against these metrics it is clear that energy intensity decreased significantly across the university from 2008/09 to 2012/13 under careful guidance. Scopes 1 & 2 emissions increased 1.59% during the 2013-14 year. Actual electricity consumed remained stable with consumption at St Johns Campus reducing by 1.75%. Gas consumption decreased by 12% as boilers with improve efficiency levels have been installed across the estate. However, mainly a result of the full year's operation of The Arena, GHG emissions from electricity consumption increased by 11%.

It is pleasing to report that scope 1, 2 & 3 total GHG emissions decreased 8.18% between 2012/13 and 2013/14 despite continued growth in the estate and student and staff numbers. Scope 3 emissions decreased 11% between 2012/13 and 2013/14. Emissions resulting from commuting have decreased by 5.2% continuing the trend towards more active travel for both students and staff.

A number of behaviour change initiatives have continued, including Green Impact for staff and Student Switch Off for students. Of particular note in 2014/15 was Teme Hall's success in coming first in the NUS pan-European SANES programme, saving the most energy across all of the UK and European participants.

International collaboration has increased. The partnership with Worcester Polytechnic Institute in Massachusetts has been extended with a number of student led community projects and the Institute has

## SECTION 2: Public Benefit Statement *(continued)*

decided to set up a permanent study centre at the University. A joint study has been established with the University of Michigan which will look at cultural change.

Skills for Tomorrow, an annual event bringing together employers and schoolchildren at a two day event, which focuses on sustainable futures and includes a range of workshops led by university staff and students, attracted 300 schoolchildren.



Students and members of the University Community Forum participating in a regular litter pick

University staff sit on a number of key local, regional and national fora. There are regular reports on the University's sustainability performance to the University/Community Forum, whose members are drawn from a broad cross-section and the University is recognised as a champion of sustainability issues locally, and is very active in regional networks making a significant contribution to addressing social responsibility and environmental issues within the community.

## SECTION 3: Financial Management and Sustainability

The key objectives of the University's financial strategy are to ensure that the University:

- Remains financially viable and sustainable;
- Maximises the use of available resources;
- Maintains appropriate levels of funding for development and investment;
- Achieves value for money in all its activities.

The University, in meeting the on-going challenges of the new funding regime and other Higher Education changes, will:

- Continue to observe the principles of prudent financial management;
- Ensure that the expansion and development plans remain achievable and affordable;

### SECTION 3: Financial Management and Sustainability (*continued*)

- Take measures to maintain and further increase the University's popularity and student intake;
- Ensure efficient collection of cash and debtors together with prompt payments to creditors and suppliers as per the relevant agreed terms; and
- Maximise opportunities to diversify sources of income and increase income generation from these activities.

#### Results for the year

The 2014/15 consolidated financial statements confirm a healthy financial position for the University with a surplus of £3.9m (2014: £6.4m). This surplus has been achieved through a combination of income growth, good cost management and sustainable re-investment in the physical estate.

The consolidated results shown in the accompanying financial statements consist of the main University and its trading subsidiaries (U W Developments Limited, U W Enterprises Limited and the newly formed UW Worcester Wolves Limited) along with the joint venture UW UP LLP, formerly UW Wrenbridge LLP.

U W Developments Limited is the entity through which the University manages its capital development programme. During the year the main activity undertaken was the refurbishment of Barrington House. Barrington House was a bed and breakfast establishment located close to the University. The building was purchased by the University in December 2014 with the intention of converting it to student accommodation. This project is on-going and due for completion by the end of the 2015 calendar year.

U W Enterprises Limited is the entity through which the University's commercial activities are channelled. During the year the main source of commercial income related to the various activities undertaken by the National Pollen and Aerobiology Research Unit.

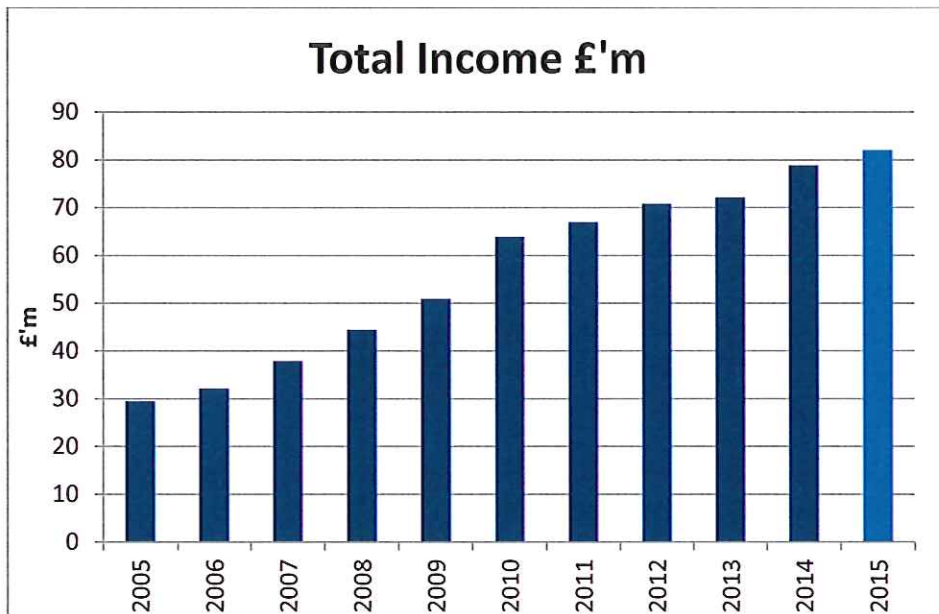
UW Worcester Wolves Limited is a newly formed 100% subsidiary company of U W Enterprises Limited. The company was incorporated on 13<sup>th</sup> June 2014 with the first period of trading up to 31<sup>st</sup> July 2015 resulting in losses of £164K. In the initial year of operation it was always expected that this would be a transition year while processes and procedures surrounding the club were regularised, accordingly the loss reported was anticipated. The UW Worcester Wolves Limited Board members have produced a long term financial forecast which indicates that the company will return a small surplus by year three.

#### Income and Expenditure

Analysis of the 2014/15 financial result shows a steady annual growth of £3.2m (4.1% growth) and the continued on-going shift in funding from grants to tuition fees. Expenditure increased by £5.7m (8.0%) which resulted in a reduction in the overall surplus from £6.4m to £3.9m. This results in a sustainable surplus: income ratio of 4.7% (2014: 8.1%).

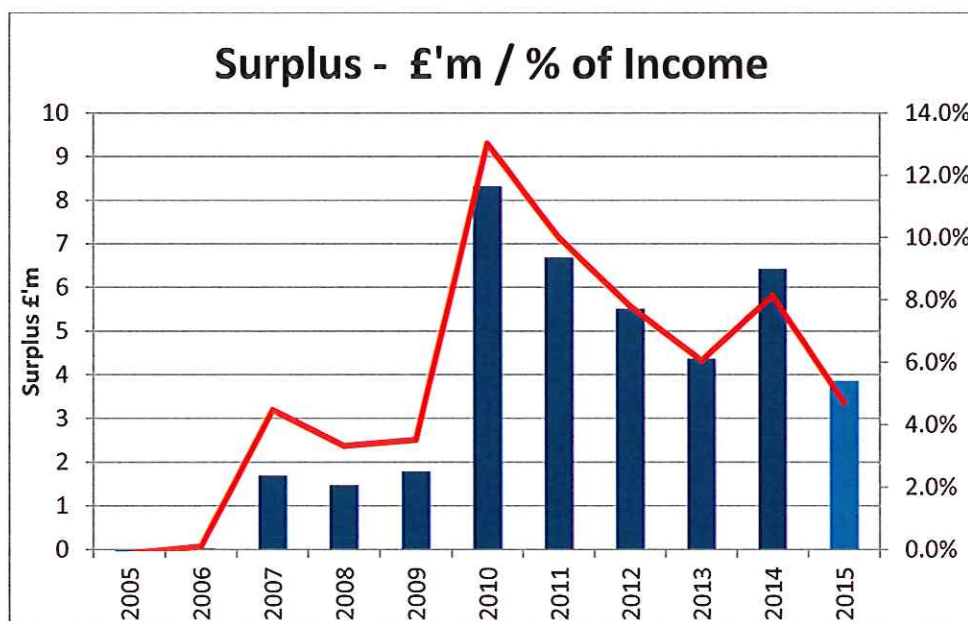
This is the eleventh set of financial statements produced since Worcester gained its University status and as the graphs below show the growth and success of the University has been phenomenal, especially against a backdrop of both world financial instability and radical changes in the UK's Higher Education provision.

**SECTION 3: Financial Management and Sustainability (continued)**



Income has grown from £29m in 2005 to £82m in 2015. This is an increase of £53m (+183% growth) and has been achieved through a sustained strategy by the University to invest in its people and infrastructure, which in turn leads to a rewarding student experience and increased popularity to study at the University.

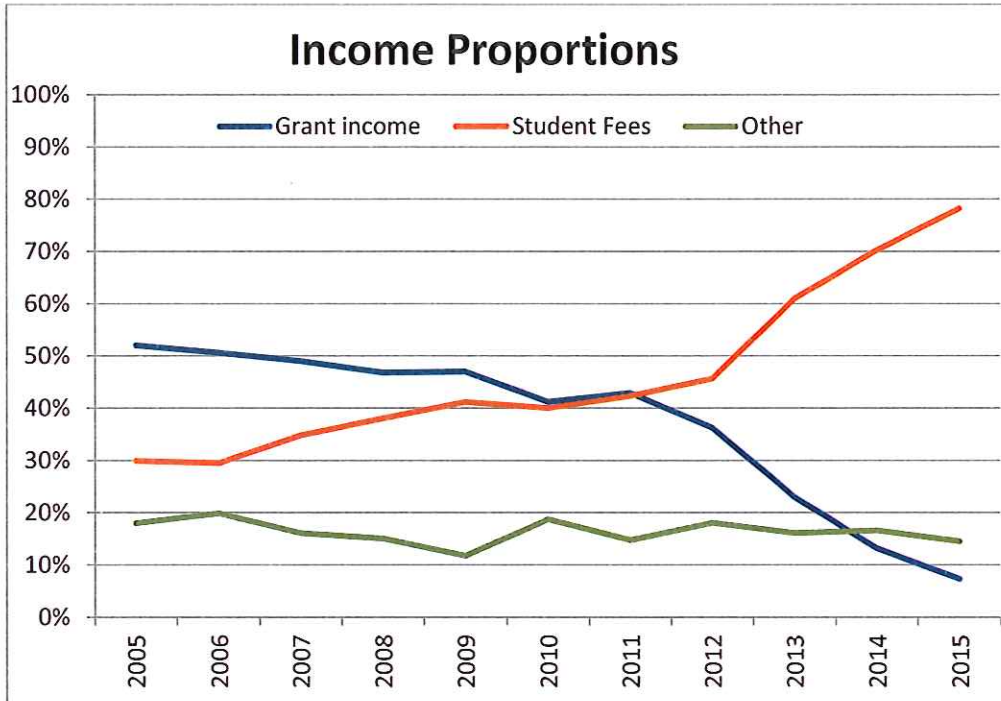
Associated with this income growth the level of surplus generated has grown from breakeven in 2005 to £3.9m in 2015. As the graph shows there were a few years (2010, 2011 & 2014) with unsustainably high surpluses but the current year surplus level of 4.7% is a more appropriate and sustainable level that allows for investment in people, infrastructure and the overall student experience.



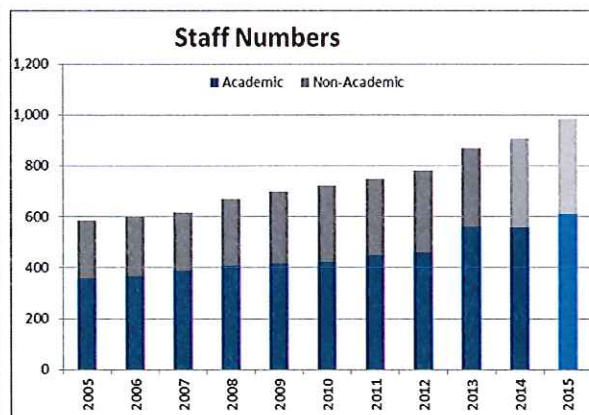
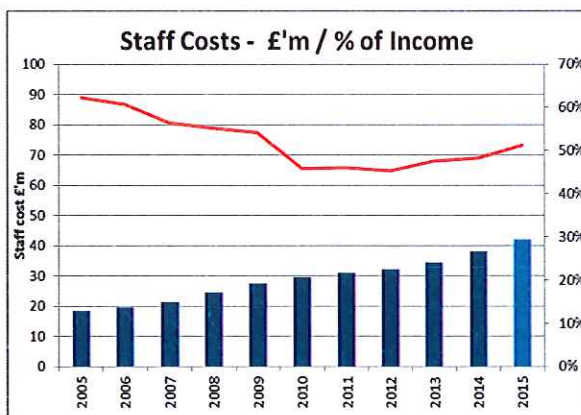
The majority of the University's income derives from the students but there is a marked shift going on as a result of the introduction of the new funding regime with a transition from Grant income to Student fees. This is illustrated on the graph below that highlights the relative proportions of the income received by

**SECTION 3: Financial Management and Sustainability (continued)**

the University. Following the changes in higher education funding the change in income proportions between student fees and that from grants has continued during 2015. Student fees now represent some 78% of total income. This trend is expected to continue in future years as the majority of student income will be relating to fees.

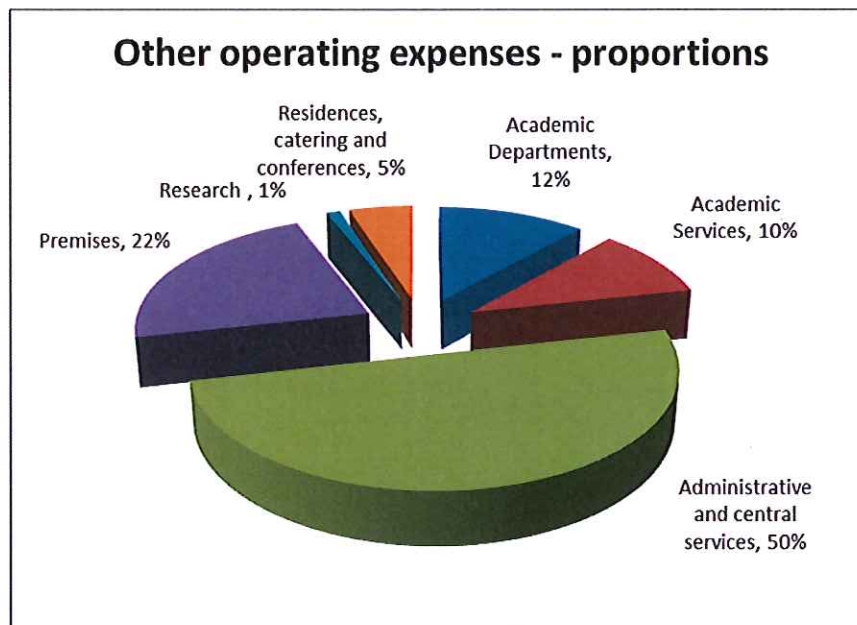


Total expenditure for the year increased by £5.7m (8.0%) to £78.2m (2014: £72.5m). Staff costs remain the University's largest annual area of expenditure and have risen by £3.9m (10.2%) to £41.9m (2014:£38.0m) due to an increase in staff numbers which reflect the increase in activity in almost all departments and Institutes, together with the increased pension contributions made by the University. Overall the ratio of staff cost : income at 51.1% (2014: 48.2%) remains favourable compared with other Higher Education Institutions (HEIs). This level had been held below the 50% mark for a number of years, as shown on the graph below, however due to the University's continued investment in its staff along with the continuous increase in pension contributions this year has seen a slight increase in this ratio pushing it slightly above 50%.



### SECTION 3: Financial Management and Sustainability *(continued)*

Other operating expenses were well controlled with an increase of £1.8m from £27.4m to £29.2m. £0.6m of the increase is a result of an impairment review relating to the University's fixed assets. The split of these non-pay costs is shown below with the majority relating to central administrative functions which in turn contains all the payments made for scholarships, bursaries and payments to Partner Colleges. Expenditure on premises not only includes utility payments but also substantial maintenance programmes to ensure that all the University's properties are kept in good condition for students, staff and visitors.



The depreciation and amortisation charge was, as expected, slightly higher than previous years following the increased level of capital investment.

Good treasury management and ever improving prompt collection of outstanding debts allowed the University to save on interest payments.

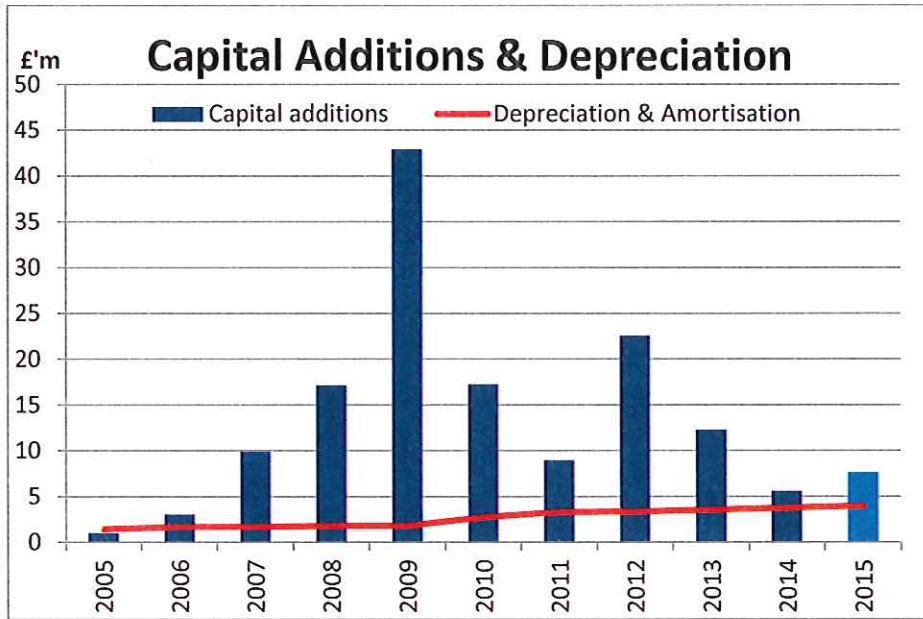
#### Balance sheet

The University's balance sheet showed a strong position with net assets (excluding pension scheme) at £82.1m (2014: £78.1m). The main aspects of this were fixed assets of £136.7m mostly relating to the physical estate of the University and associated equipment; intangible assets and the investment in a joint venture to develop University Park.

The University's capital investment programme continued during the year with further additions of £7.6m (2014: £5.6m), of which £6.5m related to improving the University's buildings and facilities and £1.1m relating to the purchase of new and replacement equipment. A chart of capital additions since 2005 is shown below and highlights the significant amounts spent in recent years, well in excess of the annual depreciation charge, on improving the physical estate of the University that includes numerous landmark projects such as the Hive, Arena and City Campus.



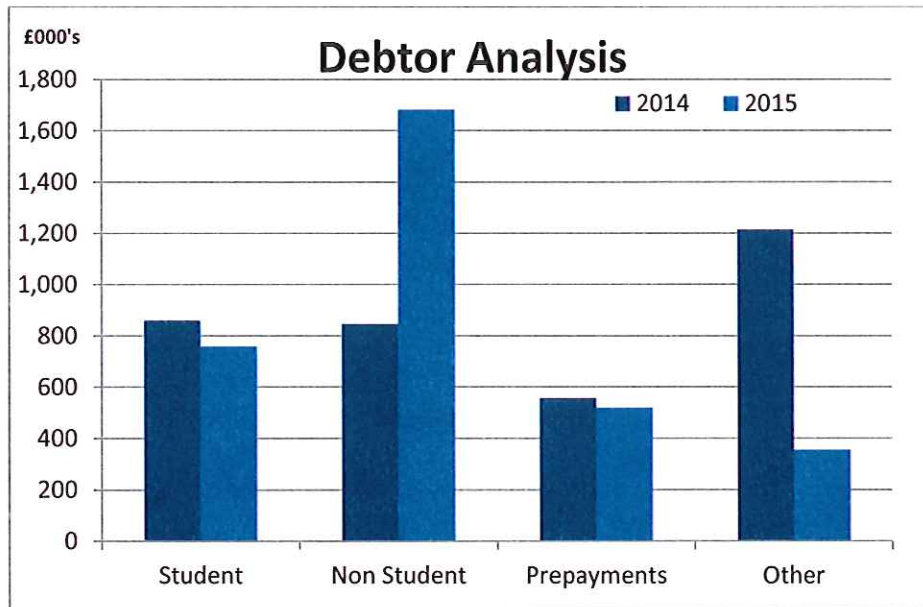
**SECTION 3: Financial Management and Sustainability (continued)**



There is an on-going strategy to continue with the investment in infrastructure and a number of significant projects should be undertaken over the coming few years.

Net Current assets were £2.9m (2014: £14.9m) with the more significant balances being :-

- Debtors £3.3m (2014: £3.3m)



**SECTION 3: Financial Management and Sustainability (continued)**

The level of debtors at the end of this financial year was in line with the previous year due to the continued implementation of additional credit control processes and additional resource allocated to handle SLC related issues. The majority of the student debt outstanding is due to collection issues from the Student Loan Company (SLC) that often related to students change of circumstances (i.e. if a student has chosen to take a different module as part of their course then there is an administrative delay in processing this change despite this module change having no impact upon the fee level due from SLC). The debt is all considered to be recoverable but unfortunately it will take a while to resolve individual student queries and ultimately collect the outstanding balances.

The increase in non-student debt is mainly a result of invoices being raised late in July, which are not due for payment until August. A large proportion of this debt has now been settled. The decrease in other debt is due to a reduction in year end debtor accruals along with the in year settlement of the first retention payment relating to University Park.

- Cash at bank £4.4m and short term deposit investments £10.0m; Total bank balance £14.4m (2014: £23.0m)

The cash balance at the year-end was intentionally reduced by the temporary net repayment of £9.5m of previously drawn bank loan. This was enabled through prudent Treasury management and good cash collections. Whilst this loan will be re-drawn down in the coming year to fund capital projects, it did mean that the University was able to save on some interest payments.

The balance of £14.4m still provides a healthy level of headroom to manage working capital prior to the mid-October SLC receipt.

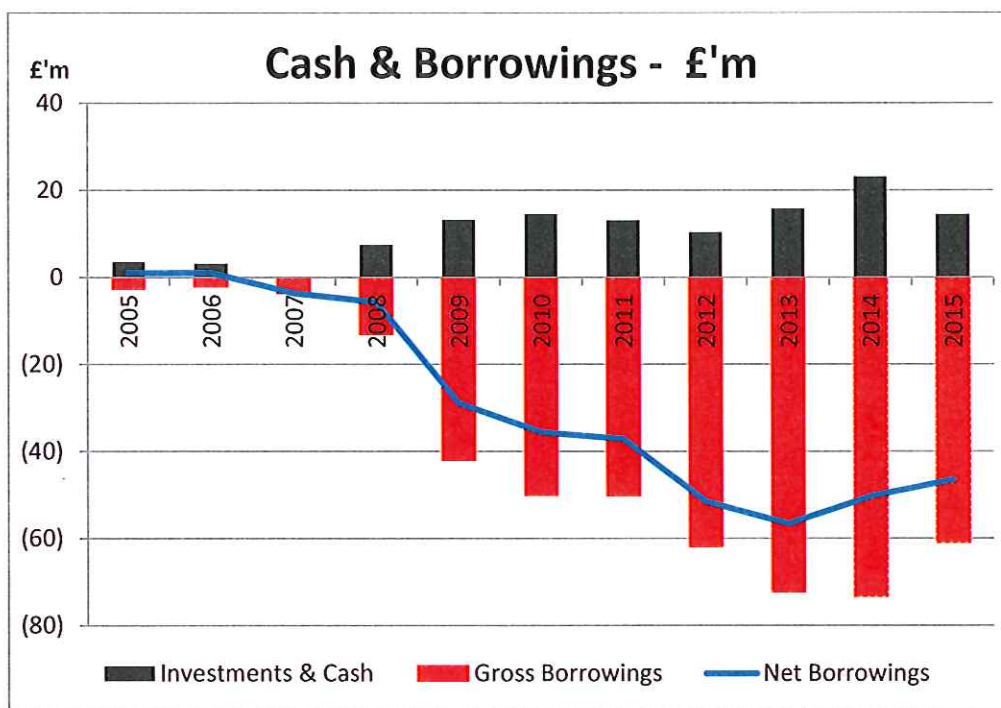
- Creditors (less than one year) £(14.9)m (2014: £(11.4)m)

The creditor balance has increased compared to that of the previous year. Included within the creditor balance is £3.6m of loan repayments due within the year 2015/16 in accordance with the terms of the overall borrowing facility and the tax and social security payments relating to the July 2015 payroll which were paid in August 2015 (unlike the prior year when these payments were made before the year end).

Longer term liabilities are related to loan borrowings and the pension scheme.

The total loan drawn down out of the bank facility as at 31<sup>st</sup> July 2015 was £59.0m (with the remaining long term creditors relating to other funding connected to the Hive). This was consistent with the overall investment strategy of the University with the borrowings used to successfully fund the expansion in the physical estate of the University and facilitate the substantial increase in both student numbers and resulting income as outlined above. Most of the borrowings are due for repayment over a considerable number of years and The Board of Governors is satisfied at the University's ability to meet these repayments together with the associated interest charges as they fall due. The good financial performance in the year ended 31<sup>st</sup> July 2015 meant that all bank and related covenant tests were comfortably achieved.

**SECTION 3: Financial Management and Sustainability (continued)**



The pension liability was £(19.2)m (2014: £(15.1)m) with an increase in the liability by a net £4.1m in the year due to a significant actuarial loss on assets due to fluctuations in the global stock market.

**Cash flow**

The cash inflow for the year from operating activities (i.e. the surplus after the non-cash items had been adjusted for together with the movements in the balance sheet) was £12.7m (2014: inflow £13.5m ).

This cash inflow was used to invest in capital expenditure and to service the loan facility (interest and loan repayments). During the year a further £5.0m was transferred into short term investments and additional capital repayments were made against the bank loan, resulting in a decrease in the bank current account of £13.6m.

**SECTION 4: Academic Review**

This academic year has seen significant successes as the University continues to grow and develop.

We achieved our best ever National Student Survey scores, with overall satisfaction rising to 87% (2014 83%) and an increased response rate of 78% (2014: 70%). Four subject areas, Design Studies, Nursing, Initial Teacher Training and Social Work, were in the top 10 for student satisfaction in their disciplines nationally. Scores for satisfaction in teaching standards across the University were particularly high, with 92% of students agreeing that staff were good at explaining their subject. The first cohort of students to experience the Hive throughout their university career also produced a very pleasing score, with an 85% satisfaction rating for learning resources.

This result led to us being the 5<sup>th</sup> most improved university in the UK for NSS scores. It was the culmination of an action plan in response to 2013/14's slightly disappointing scores, to mitigate the risk of again achieving relatively low scores. We specifically addressed the issue of response rate by setting

**SECTION 4: Academic Review (continued)**

challenging Institute targets, and we tackled specific areas of low performance (e.g. learning resources), with very good results.

The aim for 2015/16 will be to build on this success, and our target is 90% overall satisfaction. An important part of our preparation to achieve this target was this year's launch of an online module evaluation system, to encourage students to give honest and constructive feedback on teaching delivery. This allows us to drill down into the delivery of each module and ensure that students' views are heard and where appropriate, action is taken.

The academic portfolio continues to flourish, as we extend both the scale and the scope of our academic offering. This is to mitigate the risk of lower levels of student recruitment in a challenging external market, and is in response to the dip in recruitment that we experienced in 2013/14. 2014/15 saw the development of Joint Honours degrees in Mathematics, and preparation for the Single Honours Mathematics in September 2016. We also completed the preparations for the introduction of Law at the University, with our LLB open for recruitment for September 2016. We are working closely with local, regional and national employers to ensure that these courses will develop highly employable graduates.

This year, our Journalism course was accredited by the Broadcast Journalism Training Council (BJTC) – the largest independent journalism accreditation body in the UK. The BJTC particularly praised the University's high quality broadcast facilities for journalism students. Our innovative Physicians' Associate programme has grown and developed, and has been the subject of national broadcast interest. In 2015/16, we will be undertaking a review of the whole academic portfolio, to refresh existing courses, identify potential new areas, and close low performing courses.

In response to students' changing expectations, we are continuing to develop the content of the academic curriculum by ensuring that employability skills are embedded in academic courses, and by offering work placements and external project work across the academic portfolio. We are also creatively building this element into interesting new course structures, such as the Integrated Masters programmes. This will be a priority in 2015/16.

We are also aware of the continuing need to attract and develop high quality academic staff. We have identified the cross institutional role of course leader as key in ensuring excellence in the delivery of academic programmes. There is a risk that course leaders regard their role as largely administrative. This can impact negatively on course teams delivering a programme and also can lead to a stagnation in the intellectual and academic development of a course. To ensure that course leaders are empowered and supported in their role, we will in 2015/16 roll out a Course Leaders' Project, to encourage and develop existing course leaders and to ensure that new course leaders understand the purpose of their role.

We recognise we have a role in developing students outside the academic curriculum. In 2014/15, we have undertaken an audit of student clubs and societies, and aim to increase these significantly over the next two years.

We also recognise our responsibility to the wider community, and encourage students to undertake volunteering. In 2014/15 just over 30,000 volunteering hours were logged by University of Worcester students, a record achievement. This not only benefits members of the public, but also develops important transferable employability skills in our students. This helps them to go on and obtain graduate level jobs after they have completed their studies.

## **SECTION 5: Staff**

The University has a key objective “to be an outstanding University at which to be a member of staff” and this is explicit in the current strategic plan and developed through the HR strategy. The objectives with the HR strategy are set out under several themes which include:

### **Recruitment**

The University continued to attract a large number of applicants for vacancies during the year, over 5,300 people applied for over 350 posts. The total number of posts advertised increased by 4% from the previous year and the number of applications reduced by 1%. Employment prospects in the region and nationally have improved over the last two years. There are indications nationally of some shortage areas, according to the survey conducted by the UCEA (employers’ association); specialist IT technical applicants are reported to be in demand. Overall we consider that the quality of candidates was high and in most cases we able to make an appointment. We were particularly pleased to attract high calibre candidates for PVC and professorial roles; we have appointed four PVCs, and six professors since 1 August 2014.

### **Reward and recognition**

The reward and remuneration schemes in the year 14/15 continued to attract large numbers of high quality applications, over 200 people applied of which 149 people were successful and received additional rewards or promotion. These recognised exceptional individual and team performance. Nine members of academic staff were promoted to Principal Lecturer.

### **Organisational and staff development**

Colleagues engaged with the staff development activities provided internally and externally in increasing numbers and several programmes were repeated to meet demand. Changes have been made to the appraisal scheme in order to enhance the identification of training needs to meet the ongoing delivery of the strategic plan. The outcomes of the REF were excellent and reflected well on the investment made research and scholarship activity.

### **Leadership and management of change**

The leadership of the University has been renewed and refreshed with the senior appointments referred to above. All bring new perspectives that will add much to the University. A programme of restructuring some services has been underway in order to enhance services for students and for staff.

### **Respect, wellbeing and sustainable communities**

Wellbeing programmes have continued to develop and we sought and achieved recognition in Worcestershire Working Well accreditation. Walking round the World in 80 days in 13/14 was replaced with Moon Mission and miles were achieved for a one way trip. The University ‘mile’ has been marked out on St Johns’ campus and there is an increase in the number of people making use of the route. We continued to address wellbeing through the staff development programme and a new policy initiative to support people experiencing domestic violence and abuse. There was a review of the work of the Equality and Diversity Committee and a revised committee structure agreed.

## SECTION 6: Infrastructure and Capital Development Programme

The start of the new financial year falls in the middle of our busiest period and as a result many jobs are completed across two financial years.

The beginning of the academic year 2014/15 focussed on public areas of the campus. Externally two car parks were resurfaced, together with some campus roadways and footpaths. Street lighting to the main car park was replaced by LED energy saving lighting and this is gradually being rolled out across all areas.

At City campus we undertook works to preserve the fabric of the building and improve the acoustics in teaching rooms.

The floodlighting to the main astroturf pitch was replaced. This pitch is used by local community groups as well as the University. Many University sites were fitted with security barriers and on St John's campus new fencing was installed along the main entrance roadway.

Internally the Main Reception in the Edward Elgar building was given a facelift by redecoration, upgraded lighting, acoustic ceiling tiles and improvements to the entrance lobby together with a new reception desk and seating for visitors.



Main Reception in Edward Elgar Building

A major project being undertaken during summer 2015 is the introduction of a second lift to the Edward Elgar building. This new lift will provide resilience to the existing lift and provide alternative routes through a large building. The project also includes a new platform lift close to the Cotswold Suite which will allow wheelchair users to move from the landing above Reception to the Cotswold Suite and into the Digital Arts Centre (DAC).

Summer works in academic areas include the extension and refurbishment of science laboratories to include a new chemical store. This is partly funded by HEFCE as a STEM project. We are also refurbishing 11 general seminar rooms including new, innovative furniture and AV equipment and undertaking skills room conversions in the Sheila Scott building.

During summer 2015 we are undertaking refurbishment of all the kitchens and bathrooms at Ledbury Halls of Residence together with the installation of new windows and upgrade of the plant room to improve the heating system. The refurbishment included the introduction of 5 accessible bedrooms and 3 accessible communal bathrooms.

**SECTION 6: Infrastructure and Capital Development Programme (continued)**

The area of land between the Charles Darwin building and St. Johns Sports Centre was redeveloped to create a space that could be used as an outdoor teaching or meeting space. The landscaping incorporates stones obtained from local quarries, with stone and wood seating installed. The area will be known as the Geocourt.

The University Arena hosted the European Wheelchair Basketball Championships during the summer of 2015 and the University was pleased to be able to provide accommodation for over 400 athletes. In order to provide improved bathroom access for the athletes there were new shower doors, rails and shower seats installed in 360 en suite shower rooms in the Halls of Residences. These works will also benefit future students at the University.

In 2014 the University purchased the Orchard House complex in the city centre. Approximately two-thirds of the space has been given a "light touch" refurbishment to provide office accommodation and teaching spaces ready for use in September 2015. This building is now to be renamed as The Jenny Lind building.

Major on-going work is the complete refurbishment of the aging infrastructure both in terms of heating plant and electrical infrastructure serving the Edward Elgar Building. The current heating plant is almost 40 years old and on numerous occasions in the past 3 years failure of the boiler plant has occurred and delays have been experienced in restoring heating to the Elgar building whilst either parts or labour have been sourced. The first phase of the works to modernise and replace the infrastructure is the creation of a new Energy Centre within the existing Boiler House.

Other work being undertaken is the refurbishment of the recently acquired Barrington House on Henwick Road to create 9 superior rooms for post-graduate students, visiting academic staff and other visitors who might otherwise have been accommodated within the Halls of Residence.

**SECTION 7: Corporate Governance**

The University of Worcester is an independent corporation, established as a higher education corporation under the terms of the Education Reform Act of 1988 and the Further and Higher Education Act of 1922. Its objectives, powers and framework of governance are set out in the Instrument and Articles of Government, which are available on the University's web-site: <http://www.worc.ac.uk/dpfoi/656.htm>. The Board of Governors is the governing body of the University.

At its July 2015 meeting, the Board formally adopted the Higher Education Code of Governance published by the Committee of University Chairs (CUC) in December 2014. At the same time the Board received and approved a report which confirmed the University's compliance with the seven primary elements of governance identified in the Code. The Board will conduct a review of its own effectiveness in 2015/16, which will focus on the Code and will evaluate current practice against the 'should' and 'could' statements in the Code.

The Board of Governors has a majority of independent members and the Chair is elected from the independent members. Membership also includes co-opted members and representatives of the teaching and support staff and of the student body. The Vice Chancellor and Chief Executive is an ex-officio member. No members of the Board receive any payment for the work they do as Governors.

Reference was made in last year's report to the Board's concern to ensure effective succession planning in anticipation of the retirement of the Chair of the Board and the Clerk in July 2015. A new Chair, an existing independent governor, took up office on 1<sup>st</sup> August 2015 and a newly appointed Clerk to the

## SECTION 7: Corporate Governance (*continued*)

Board will take up her post in November 2015 (in the meantime the Board will be supported by the Deputy University Secretary).

### Statement of Responsibilities of Board of Governors

In accordance with the relevant legislation, the Board is responsible for ensuring the effective management of the University's affairs, including ensuring an effective system of internal control and is required to present audited financial statements for each financial year. The Board, through the accountable office holder (i.e. the Vice Chancellor and Chief Executive) is required to prepare financial statements that give a true and fair view of the University's state of affairs and an assurance that the University has complied with the Financial Memorandum between HEFCE and the University.

In the preparation of the financial statements, the Board of Governors has ensured that:

- Suitable accounting policies are in place and are applied;
- Appropriate accounting standards have been followed; and
- Financial statements are prepared on the going concern basis.

The Board has taken reasonable steps to:

- Ensure that funds received from HEFCE and other public funding bodies are used only for the purpose for which they are given;
- Ensure that there are appropriate financial controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and to prevent and detect fraud; and
- Secure the economical, efficient and effective management of the University's resources.

The University's governance arrangements include an Academic Board which, subject to the overall responsibility of the Board of Governors, has oversight of the academic affairs of the institution and draws its membership from the staff and students of the University. It is particularly concerned with general issues relating to the learning, teaching and research work of the University. An independent member of the Board of Governors attends meetings of the Academic Board in an observer capacity. So that the Board of Governors can meet its responsibilities under the Financial Memorandum to assure itself that the University has in place arrangements to safeguard the quality and standards of its academic provision, the Board receives regular reports from the Academic Board and an annual report from the Board on quality and standards.

The Board of Governors meets five times a year, with occasional special meetings to address specific issues. Reference has already been made to the special meetings held in November 2014 and September 2015. However, much of the Board's detailed work is initially considered by committees. The Chairs of these committees and the majority of their members are drawn from independent members of the Board. Staff and student governors are also invited to attend as non-voting members of the committees and participate fully in discussions but are asked to withdraw when named staff or student items are discussed.

The Committees of the Board are as follows:

#### Nominations Committee

The Nominations Committee is responsible for ensuring that the membership of the Board is maintained and that the spectrum of members includes appropriate knowledge and expertise. Since the 2000/2001 year, the Committee, with Board approval, has used a variety of methods to recruit new members. This has included public advertisement of vacancies for independent membership, as well as targeted approaches in the case of members who are co-opted. There is a matrix of members' skills and expertise to assist decision making.



**SECTION 7: Corporate Governance (continued)****Finance and Development Committee**

The Finance and Development Committee usually meets around five times each year. It recommends the annual budgets to the Board of Governors and monitors performance in relation to the approved budgets. It is also the key committee for the discussion of new developments, and it is this Committee where much detailed scrutiny takes place. This is the Committee through which reports on key strategic and capital developments are routed. The Committee receives the annual financial statements and the management letter from the external auditors.

**Audit Committee**

The Audit Committee approves the schedule of internal audit and receives detailed reports with recommendations for improvement of the institution's internal control systems. It is also the Committee responsible for risk management arrangements. The Committee also received the annual financial statements and the management letter from the external auditors. It reports to each meeting of the Board and also presents an annual report which is part of the annual assurance process required by HEFCE. This includes an assurance on the quality of the University's data management and the accuracy of data returned to external agencies. After a tendering exercise, the Board has appointed a new internal audit provider with effect from the 2015/16 financial year. The Audit Committee was fully involved in the selection process.

**Personnel Committee**

The Personnel Committee determines the human resources strategy and monitors its implementation. It receives regular reports from the Director of Personnel and from the Equality and Diversity, Health and Safety and Joint Consultative Committees. It discusses and recommends to the Board changes in conditions of service which are determined locally, and also changes in procedures which regulate industrial relations (e.g. disciplinary and grievance procedures). The Committee also keeps under review national arrangements for pay bargaining and makes recommendations to the Board on the appropriateness of the University's continued participation in the national bargaining arrangements.

**Remunerations Committee**

The Remunerations Committee determines the annual remuneration of the Board appointed staff (i.e. the Vice Chancellor and Chief Executive and the University Secretary). The Committee comprises the Chair of the Board, the Chairs of Audit and Personnel Committee and two other independent governors. The Remunerations Committee also sets the parameters for the reward and remunerations of staff on the University of Worcester salary scale, whose salary is determined by a group of senior staff chaired by the Vice Chancellor and Chief Executive and attended by the University Secretary. A member of the Remunerations Committee also attends this sub group whose role is to observe proceedings and report back to the Remunerations Committee. In the course of 2014/15, the Board has approved changes to the terms of reference of the Remunerations Committee, to achieve greater transparency and closer involvement of governors in the remuneration of senior staff. As a result of this review there will be two Committees in 2015/16, one to look at senior staff pay, and the other to review the pay of the Board appointees.

In addition to the formal sub-committees of the Board, there is also governor representation on the Equality and Diversity Committee, University Community Forum and Honorary Awards Committee. A governor also attends Academic Board in an observer capacity. The Board of Governors has a nominated observer representative on the Boards of all the University's wholly owned active subsidiary companies.

**SECTION 7: Corporate Governance (continued)****Internal control and risk management**

The system of internal control is designed to manage rather than eliminate risk. In accordance with the University's Risk Management Policy (updated in October 2014), the Board of Governors has responsibility for ensuring that a sound system of controls is maintained and for the Institutional approach to risk management and agreeing changes to the Institutional Risk Register. The Audit Committee has responsibility for reviewing the risk management arrangements and advising the Board of Governors on their effectiveness. Internally, on a day-to-day basis the responsibility for risk management rests with the University Executive. The senior manager responsible for risk management is the University Secretary. Each head of academic and service department is required to address risk as part of the annual planning process. Separate and detailed risk registers are maintained for key capital developments and risk assessments are also undertaken alongside any proposals for new partnerships.

During the financial year the institutional Risk Register was presented to the Audit Committee and to the Board of Governors for approval on two occasions. An update report on risk management activities alongside the Register was presented to the Audit Committee and to the Board in September and October 2014 respectively. The Register and the Annual Report on Risk Management was received by the Board in May 2015, following review and discussion at Audit Committee in April 2015.

In summary, the Board's on-going arrangements for maintaining a sound system of internal control include the following:

- An internal audit service which operates to standards defined in the HEFCE Code of Practice on Accountability and Audit and whose audit schedule is risk-based and designed to assess the effectiveness of controls in areas identified as high risk;
- A comprehensive set of Financial Regulations and Procedures;
- An internal system of financial reporting on a monthly basis, supported by meetings between Finance staff and Heads of Budget Centres.
- A risk register which defines the nature of the risk and identifies from where assurance that the risk is being controlled is derived, and which also sets out action taken to control the risk;
- A strategic plan which identifies key risks alongside key strategic objectives and success criteria;
- The integration of risk management strategies within the annual budget process and in five year financial forecasts;
- The development of separate risk analysis for major developments; and
- Regular reports from Executive Officers on the operation of its business.

The Board believes the above represent sufficient actions to identify and deal with any significant internal control issues.



Mr John Bateman OBE  
Chair of the Board of Governors  
23<sup>rd</sup> November 2015



Professor David Green  
Vice Chancellor and Chief Executive

## Independent auditors' report to the Board of Governors of The University of Worcester (the "institution")

### Report on the financial statements

#### Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and

This opinion is to be read in the context of what we say in the remainder of this report.

#### What we have audited

The group financial statements and parent institution financial statements (the "financial statements"), which are prepared by The University of Worcester, comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2015;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended;
- the Accounting Policies; and
- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Board of Governors has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

#### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Board of Governors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's *articles of government*; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

### Other matters on which we are required to report by exception

#### Internal control

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report arising from this responsibility.

#### Responsibilities for the financial statements and the audit

##### Respective responsibilities of the Board of Governors and auditors

As explained more fully in Statement of Responsibilities of Board of Governors set out on page 32 the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Governing body of The University of Worcester, in accordance with the institution's Articles of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Richard Bacon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Cornwall Court, 19 Cornwall Street, B3 2DT

30 November 2015

- (a) The maintenance and integrity of the University of Worcester website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

**Consolidated Income and Expenditure Account**  
**For the Year Ended 31<sup>st</sup> July 2015**

	<u>Note</u>	<u>2015</u> £000	<u>2014</u> £000
<b>INCOME</b>			
Funding Body Grants	2	6,013	10,417
Tuition fees and education contracts	3	64,152	55,349
Research grants and contracts	4	1,039	1,133
Other income	5	10,779	11,859
Endowment and investment income	6	92	113
<b>TOTAL INCOME</b>		<u>82,075</u>	<u>78,871</u>
<b>EXPENDITURE</b>			
Staff Costs	7	41,933	38,050
Other operating expenses	8	29,095	27,408
Depreciation and amortisation	12 & 13	3,927	3,719
Interest and other finance costs	9	3,152	3,273
<b>TOTAL EXPENDITURE</b>	10	<u>78,107</u>	<u>72,450</u>
Surplus after depreciation of tangible fixed assets at valuation and before tax		3,968	6,421
Share of operating loss in joint venture	15	(108)	
Taxation	11	-	-
<b>Surplus after depreciation of assets at valuation and tax</b>	23	<u>3,860</u>	<u>6,421</u>

The income and expenditure of the Group relates wholly to continuing operations

**Statement of Consolidated total recognised gains and losses**  
**For the year ended 31<sup>st</sup> July 2015**

	<u>Note</u>	<u>2015</u> £000	<u>2014</u> £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		3,860	6,421
Endowment income in the year	16	5	13
Actuarial loss in respect of Pension Scheme	30	(3,845)	(2,091)
<b>Total recognised gain relating to the year</b>		<u>20</u>	<u>4,343</u>
<b>Reconciliation</b>			
Opening reserves and endowments		42,666	38,323
Total recognised gains for the year		20	4,343
<b>Closing reserves and endowments</b>		<u>42,686</u>	<u>42,666</u>

**Statement of Consolidated historical cost surpluses and deficits**  
**For the year ended 31<sup>st</sup> July 2015**

	<u>Note</u>	<u>2015</u> £000	<u>2014</u> £000
Surplus on continuing operations before taxation		3,860	6,421
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	24	242	241
<b>Historical cost surplus for the year</b>		<u>4,102</u>	<u>6,662</u>

**Balance Sheet as at 31<sup>st</sup> July 2015**

	Note	Group		University	
		2015 £000	2014 £000	2015 £000	2014 £000
<b>Fixed assets</b>					
Intangible assets	12	192	260	192	260
Tangible fixed assets	13	136,737	133,766	142,687	139,714
Investments	14	9	-	20	20
Investments in joint venture:					
Share of gross assets	15	458	106	-	-
Share of gross liabilities	15	(717)	(257)	-	-
<b>Total Fixed assets</b>		<b>136,679</b>	<b>133,875</b>	<b>142,899</b>	<b>139,994</b>
<b>Endowment assets</b>	16	<b>100</b>	<b>95</b>	<b>100</b>	<b>95</b>
<b>Current assets</b>					
Stocks	17	10	9	7	9
Debtors	18	3,316	3,255	4,230	3,393
Investments	18	10,000	5,000	10,000	5,000
Cash at bank and in hand		4,438	18,044	3,940	17,438
<b>Total Current assets</b>		<b>17,764</b>	<b>26,308</b>	<b>18,177</b>	<b>25,840</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	19	(14,904)	(11,359)	(14,715)	(11,100)
<b>Net Current assets</b>		<b>2,860</b>	<b>14,949</b>	<b>3,462</b>	<b>14,740</b>
<b>Total assets less current liabilities</b>		<b>139,639</b>	<b>148,919</b>	<b>146,461</b>	<b>154,829</b>
Debtors: amounts falling due after more than one year	18	343	221	870	1,450
Creditors: amounts falling due after more than one year	20	(57,204)	(70,344)	(57,204)	(70,344)
Provisions for liabilities	21	(676)	(735)	(676)	(735)
<b>Net assets excluding pension liability</b>		<b>82,102</b>	<b>78,061</b>	<b>89,451</b>	<b>85,200</b>
Net Pension liability	23	(19,229)	(15,133)	(19,229)	(15,133)
<b>Net assets including pension liability</b>		<b>62,873</b>	<b>62,928</b>	<b>70,222</b>	<b>70,067</b>
<b>Deferred capital grants</b>	22	<b>20,187</b>	<b>20,262</b>	<b>20,187</b>	<b>20,262</b>
<b>Endowment funds</b>					
Permanent	16	100	95	100	95
<b>Reserves</b>					
Income and expenditure account excluding Pension Reserve	23	50,465	46,112	57,814	53,251
Pension Reserve	23	(19,229)	(15,133)	(19,229)	(15,133)
Income and Expenditure account including Pension Reserve	23	31,236	30,979	38,585	38,118
Revaluation Reserve	24	11,350	11,592	11,350	11,592
		<b>42,586</b>	<b>42,571</b>	<b>49,935</b>	<b>49,710</b>
<b>Total funds</b>		<b>62,873</b>	<b>62,928</b>	<b>70,222</b>	<b>70,067</b>

The financial statements on pages 37 to 73 were approved by the Board of Governors on 23<sup>rd</sup> November 2015 and signed on their behalf by:

Mr John Bateman OBE  
Chair of the Board of Governors

Professor David Green  
Vice Chancellor and Chief Executive

**Consolidated cash flow statement**  
**For the Year Ended 31<sup>st</sup> July 2015**

	<u>Note</u>	<u>2015</u> £000	<u>2014</u> £000
Net cash flow from operating activities	27	12,742	13,497
Returns on investment and servicing of finance	28	(3,058)	(3,169)
Capital expenditure	28	(5,941)	(3,980)
Management of liquid resources	28	(4,995)	(4,987)
Financing	28	(12,349)	1,036
(Decrease)/ Increase in cash in the year		<u>(13,601)</u>	<u>2,397</u>

**Reconciliation of net cash flow to movement in net debt**  
**For the Year Ended 31<sup>st</sup> July 2015**

	<u>Note</u>	<u>2015</u> £000	<u>2014</u> £000
(Decrease)/ Increase in cash in the year		(13,601)	2,397
Management of liquid resources	28	4,995	4,987
<b>Movement in cash and investments</b>		<u>(8,606)</u>	<u>7,384</u>
Cash flow from financing	28	12,349	(1,036)
Change represented by cash flows		<u>3,743</u>	<u>6,348</u>
<b>Change in Net Debt</b>	29	<u>3,743</u>	<u>6,348</u>
<b>Net Debt at 1st August</b>	29	(50,251)	(56,599)
<b>Net Debt at 31st July</b>	29	<u>(46,508)</u>	<u>(50,251)</u>



**Notes to the financial statements**  
**Year ended 31<sup>st</sup> July 2015**

## **1. Statement of principal accounting policies**

### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007, and in accordance with applicable Accounting Standards in the United Kingdom. They conform to the guidance published by the Funding Council. Financial statements are prepared on a going concern basis. They are prepared under the historical cost convention modified by the revaluation of certain fixed assets.

### **Basis of consolidation**

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31<sup>st</sup> July 2015, with uniform accounting policies applied consistently across the group. The results of its joint venture undertaking are accounted for using the gross equity method. The results of subsidiaries or joint ventures incorporated or disposed of during the period are included in the consolidated income and expenditure account from the date of incorporation or up to the date of disposal. Intra group transactions are eliminated on consolidation. Amounts in relation to debts and claims between the undertakings included in the consolidation are also eliminated. Unsettled external trading transactions are included as current assets or liabilities. The University of Worcester, as parent undertaking, has taken the exemption from presenting its own income and expenditure account.

### **Recognition of income**

Income from research grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Income received in advance of commitment for tuition fees, projects and research is accounted for as deferred income. This is identified within the creditors within one year.

Specific grants from the Funding Council are included to the extent of the completion of the contract or service concerned.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from NHS contracts and tuition fees is included in the year in which it is earned.

Income received from students for tuition fees has been adjusted for any discounts granted. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

The University acts as an agent in the collection and payment of Training Bursaries, Aimhigher and learning support funds from Government Agencies. The income and expenditure is excluded from the Group's Income and Expenditure.

## 1. Statement of principal accounting policies and estimation techniques (continued)

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the Income and Expenditure account.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained with the endowment in the balance sheet.

### Maintenance of premises

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period incurred. The institution has a planned maintenance programme, which is reviewed on an annual basis.

### Interest and other finance costs

The University of Worcester recognises the costs associated with its long term borrowing in the year that they are incurred.

### Pension schemes

The Institution contributes to the Universities Superannuation Scheme (USS), the Local Government Superannuation Scheme (LGPS) and the Teachers' Pension Scheme (TPS). All the schemes are defined benefit schemes, which are externally funded.

The assets of the USS and TPS are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes assets are not hypothecated to individual institutions and scheme wide contribution rates are set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore as required by FRS 17 "Retirement Benefits", accounts for the schemes as if they are defined contribution schemes. As a result, the amount charged to the income and expenditure accounts represent the contributions payable to the schemes in respect of the accounting period.

The Institution is able to identify its share of assets and liabilities of the LGPS and thus the Institution fully adopts FRS 17 "Retirement Benefits".

The contributions are determined by qualified actuaries on the basis of triennial valuations, using the projected unit method, for the LGPS and the USS and on the basis of quadrennial valuations using a prospective benefit method for the TPS.

The University maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement. The pensions paid are charged against the provision and interest accrued is added to the provision.

## 1. Statement of principal accounting policies and estimation techniques (continued)

### Tangible fixed assets

#### a. Land and buildings

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use in addition to any irrecoverable VAT.

The University's buildings are largely specialised buildings and therefore it is not appropriate to value them on the basis of open market value. A valuation of the educational land and buildings was carried out by GVA Grimley International Property Advisers and Chartered Surveyors as at 31<sup>st</sup> July 1995 on the basis of depreciated replacement cost. The three houses owned by the University were valued on an open market value for existing use basis. Other buildings constructed since 1995 are included in the balance sheet at cost. The option under the transitional provisions of FRS 15 to retain the book values of land and buildings as at 31<sup>st</sup> July 1999 based on the 1995 revaluation has been adopted and the valuation has not been updated subsequently.

Freehold land is not depreciated. Where land is acquired with the aid of specific grants it is capitalised but not depreciated therefore the related grant is credited to the income and expenditure account at the time of purchase.

Freehold buildings are depreciated over their expected useful economic life to the Institution over 60 years. Where buildings have been acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The University has a policy of depreciating capitalised major building refurbishments over a period of 15 years.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Assets under construction are accounted for at cost, based on the value of the architects' certificates and other direct costs incurred to the balance sheet date. They are not depreciated until they are brought fully into use.

#### b. Equipment

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

All equipment with a total cost of over £2,000 is capitalised. Capitalised equipment is depreciated over its estimated useful economic life of 8 years.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

### Intangible fixed assets

Intangible fixed assets are stated at historic purchase cost or valuation less accumulated amortisation. Where intangible fixed assets, including software and licences, are regarded as having limited useful economic lives they are amortised over 3 years.

## 1. Statement of principal accounting policies and estimation techniques (continued)

### Leased assets

Where assets are financed by leasing agreements that give rise rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised as the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Depreciation on the relevant asset is charged to the Income and Expenditure account. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

### Investments in subsidiaries and joint venture

Fixed asset investments in subsidiary undertakings and joint venture are recorded at cost plus incidental expenses. Investments in franchise are recorded at original cost and current asset investments are included at the lower of cost and net realisable value.

### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. The University currently has two types:

- Unrestricted endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

### Stocks

Stocks are stated at the lower of cost and net realisable value.

### Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly Schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for U K corporation tax purposes. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (Formerly Section 505 of the ICTA 1988) or Section 256 of the Taxation Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. None of the University's subsidiaries have charitable status.

The University receives no similar exemption in respect of Value Added Tax. Most of the services provided to students are, however, exempt from VAT. Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

### Liquid resources

Liquid resources include sums on short-term deposit with recognised banks and building societies and government securities, disclosed as current asset investments on the balance sheet.

## **1. Statement of principal accounting policies and estimation techniques (continued)**

### **Payments on account**

Deposit payments are taken from all students occupying University residential accommodation. These deposits are held and released to the student following review of their contract terms at the end of their license agreement.

### **Provisions**

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Accounting for charitable donations**

Charitable donations are recognised in the financial statements when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

### **Donations for Fixed Assets**

Donations for Fixed Assets will be recognised in the first year of commissioning.

### **Accounting for Research**

Expenditure on pure and applied research is treated as a part of the continuing activities of the University.

**2. Funding body grants**

	HEFCE	NCTL	Total <u>2015</u>	Total <u>2014</u>
	£000	£000	£000	£000
<b>Recurrent</b>	4,566	-	4,566	9,261
<b>Specific Grants:</b>				
Fellowship Monies	270	-	270	5
Access to Learning fund administration	43	-	43	7
NCTL Projects	-	317	317	154
<b>Deferred Capital Grants released:</b>				
Buildings (Note 22)	510	-	510	675
Equipment (Note 22)	307	-	307	315
	<u>5,696</u>	<u>317</u>	<u>6,013</u>	<u>10,417</u>

NCTL = National College of Teaching and Learning (formerly Teaching Agency)

**3. Tuition fees and education contracts**

	<u>2015</u> £000	<u>2014</u> £000
Full Time students (Home and EU) fees	53,368	44,697
Full Time students (Overseas) fees	1,334	1,492
Part Time fees	2,169	1,628
Short course fees	953	1,318
Other fees	452	466
Contract Income Strategic Health Authority	5,876	5,748
	<u>64,152</u>	<u>55,349</u>

**4. Research grants and contracts**

	<u>2015</u>	<u>2014</u>
	£000	£000
Research Councils	139	13
UK Industry	128	46
UK Government	400	552
UK Based Charities	242	283
Other Grants & Contracts	130	239
	<u>1,039</u>	<u>1,133</u>

**5. Other income**

	<u>2015</u>	<u>2014</u>
	£000	£000
Residences, catering and conferences	6,514	6,916
Other services rendered	227	199
Release of other deferred capital grants	190	207
Other income	3,848	4,537
	<u>10,779</u>	<u>11,859</u>

**6. Endowment and investment income**

	<u>2015</u>	<u>2014</u>
	£000	£000
Income from short term investments	89	110
Interest from Joint Venture	3	3
	<u>92</u>	<u>113</u>

**7. Staff costs**

	<u>2015</u> £000	<u>2014</u> £000
Wages and Salaries	34,391	31,148
Social Security Costs	2,665	2,433
Other Pension Costs	4,877	4,469
	<u>41,933</u>	<u>38,050</u>

**Emoluments of the Vice Chancellor:**

	<u>2015</u> £000	<u>2014</u> £000
Salary	<u>301</u>	<u>291</u>

There were no pension payments made in the year (2014: £nil) and no other taxable benefits were received from the University including accommodation.

**Emoluments of higher paid staff:**

	<u>2015</u> number	<u>2014</u> number
£100,001 - £110,000	2	-
£130,001 - £140,000	-	2
£290,001 - £300,000	-	1
£300,001 - £310,000	<u>1</u>	<u>-</u>

Governors are entitled to reimbursement of travel expenses. During the year no expenses were claimed. (2014:£410.55 claimed by one Governor).

The average monthly number of persons (including senior post holders) employed by the University during the year, expressed as full time equivalents (fte), was:

	<u>2015</u> fte	<u>2014</u> fte
Academic Departments	489	454
Academic Services	75	70
Administrative and central services	244	234
Premises	89	75
Research	46	35
Residences, catering and conferences	41	38
	<u>984</u>	<u>906</u>



**8. Other operating expenses**

	<u>2015</u>	<u>2014</u>
	£000	£000
Residences, catering and conferences	1,475	1,518
Consumables and laboratory expenditure	916	755
Books and periodicals	751	753
Heat, light, water and power	1,764	1,533
Repairs and general maintenance	3,433	3,751
Grants to UW Students' Union	370	379
Auditors remuneration:		
External	41	37
Internal	24	45
Non-Audit Services	-	12
Property operating leases	934	955
Equipment operating leases	152	159
Payments to Partner Colleges	5,459	5,654
Student Bursaries	4,337	3,315
Other expenses	9,439	8,542
	<u>29,095</u>	<u>27,408</u>

**9. Interest and other finance costs**

	<u>2015</u>	<u>2014</u>
	£000	£000
Loans not wholly repayable within 5 years	2,771	2,915
Lease Finance Costs	271	279
Pension Interest (Note 30)	2	(9)
Non utilisation fee	108	88
	<u>3,152</u>	<u>3,273</u>

**10. Analysis of expenditure by activity**

	<b>Staff costs</b>	<b>Other expenses</b>	<b>Depreciation and amortisation</b>	<b>Interest and other finance costs</b>	<b><u>2015 Total</u></b>	<b><u>2014 Total</u></b>
	£000	£000	£000	£000	£000	£000
Academic Departments	25,525	3,406	296	-	29,227	26,816
Academic Services	2,368	2,891	171	271	5,701	5,573
Administrative and central services	9,636	14,507	691	2,881	27,715	28,044
Premises	3,149	6,515	2,756	-	12,420	8,531
Research	1,206	310	11	-	1,527	1,459
Residences, catering and conferences	49	1,466	2	-	1,517	2,027
	<u>41,933</u>	<u>29,095</u>	<u>3,927</u>	<u>3,152</u>	<u>78,107</u>	<u>72,450</u>
					<b><u>2015</u></b>	<b><u>2014</u></b>
					<b>£000</b>	<b>£000</b>
The depreciation and amortisation charge consisted of:						
Deferred capital grants released (Note 22)					1,007	1,197
Revaluation reserve release (Note 24)					242	241
Other					2,795	2,281
					<u>4,044</u>	<u>3,719</u>

**11. Taxation**

The Group was not liable for any Corporation Tax arising out of its activities during the period of these financial statements. Accordingly no provision has been made for any deferred tax balances.

**12. Intangible assets**

	<b>Group and University</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
	<b>£000</b>	<b>£000</b>
<b>Cost</b>		
At beginning of year	1,028	883
Additions at cost	33	156
Reclassification	-	2
Disposals	(22)	(13)
At end of year	<u>1,039</u>	<u>1,028</u>
<b>Accumulated amortisation</b>		
At beginning of year	768	649
Charge for year	101	132
Amortisation on disposals	(22)	(13)
At end of year	<u>847</u>	<u>768</u>
<b>Net book value</b>		
At end of year	<u>192</u>	<u>260</u>
<b>Previous Year</b>	<u>260</u>	<u>234</u>

**13. Tangible assets – Group**

	Freehold Land and Buildings	Equipment	Assets under course of construction	<b>Total 2015</b>
	£000	£000	£000	£000
Cost or valuation at beginning of year	146,151	12,496	213	158,860
Additions at cost	3,758	1,066	2,788	7,612
Subsidiary work in progress	-	-	(213)	(213)
Disposals at cost	-	(783)	-	(783)
Impairment	(568)	-	-	(568)
At end of year	<u>149,341</u>	<u>12,779</u>	<u>2,788</u>	<u>164,908</u>
Accumulated depreciation				
At beginning of year	17,634	7,459	-	25,093
Charge for year	2,660	1,166	-	3,826
Depreciation on disposals	-	(748)	-	(748)
At end of year	<u>20,294</u>	<u>7,877</u>	<u>-</u>	<u>28,171</u>
Net Book Value				
At end of year	<u>129,047</u>	<u>4,902</u>	<u>2,788</u>	<u>136,737</u>
Previous Year	<u>128,516</u>	<u>5,037</u>	<u>213</u>	<u>133,766</u>

Where specific grants have been received in respect of buildings they are treated as deferred capital grants and released to income over the expected useful life of the building. The cost of the building is capitalised and depreciated as above. The proceeds from the sale of any asset funded from Treasury sources may have to be surrendered to the Treasury. This has been valued by HEFCE as the Exchequer Interest of £8,616,952.

Included in Freehold land and buildings above are assets held at valuation with a net book value of £43,365,000. The historical cost equivalent of these assets was £33,378,000.

**13. Tangible assets – University**

	Freehold Land and Buildings	Equipment	Assets under course of construction	<b>Total 2015</b>
	£000	£000	£000	£000
Cost or valuation at beginning of year	152,311	12,496	-	164,807
Additions at cost	3,774	1,066	2,679	7,519
Disposals at cost	-	(783)	-	(783)
Impairment	(568)	-	-	(568)
At end of year	<u>155,517</u>	<u>12,779</u>	<u>2,679</u>	<u>170,975</u>
Accumulated depreciation				
At beginning of year	17,634	7,459	-	25,093
Charge for year	2,777	1,166	-	3,943
Depreciation on disposals	-	(748)	-	(748)
At end of year	<u>20,411</u>	<u>7,877</u>	<u>-</u>	<u>28,288</u>
Net Book Value				
At end of year	<u>135,106</u>	<u>4,902</u>	<u>2,679</u>	<u>142,687</u>
Previous Year	<u>134,677</u>	<u>5,037</u>	<u>-</u>	<u>139,714</u>

**14. Fixed asset investments**

	Group		University	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000
Investments in subsidiary companies	-	-	20	20
Investment in BBL Franchise for UW Worcester Wolves Limited	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Subsidiaries

Name	University holding	Business activity
U W Enterprises Limited	100%	Research and experimental development of natural sciences and engineering and commercial activities relating thereto
U W Developments Limited	100%	Development of building projects
UW Worcester Wolves Limited	100% (*)	Worcester Wolves basketball club
National Pollen and Aerobiology Research Unit Limited	100%	Dormant

(\*) Held indirectly

## Joint venture

UW UP LLP (formerly UW Wrenbridge LLP)	50%	Development of building projects 50% held by U W Developments Limited and 50% held by the University of Worcester, due to the resignation of the original partner Wrenbridge Land Limited.
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## 15. Investment in Joint Venture

The University holds a 50% share of UW UP LLP, formerly UW Wrenbridge LLP. The Joint Venture is incorporated in Great Britain, registered company number OC 364585 at the registered address, Henwick Grove, Worcester. It is owned equally by the University and U W Developments Limited.

	Year ended 31st July 2015 £000	Year ended 31st July 2014 £000
<b>Income and Expenditure account</b>		
Surplus before tax 2013-14	35	
Deficit before tax 2014-15	(26)	
Inherited historic losses	(117)	
Impact on group position	<u>(108)</u>	
<b>Balance Sheet</b>		
Currents assets	458	106
Liabilities: due within one year	(373)	(107)
Liabilities: due after more than one year	(344)	(150)
Share of net liabilities	<u>(259)</u>	<u>(151)</u>

As the 31<sup>st</sup> July 2014 consolidation financial statements did not include any adjustment relating to the Joint Venture, due to the uncertainty of cost allocation at the time, the 31<sup>st</sup> July 2015 consolidation financial position now includes the result of both the 2013-14 and 2014-15 financial years. For the year ended 31<sup>st</sup> July 2014, the Group position includes 50% of Joint Venture surplus; however following changes to the membership of the LLP in March 2015, 100% of the loss for the year ended 31<sup>st</sup> July 2015 has been included.

**16. Endowment assets**

	Unrestricted £000	Group and University		2014 Total £000
		Restricted £000	2015 Total £000	
Balance at beginning of year				
Capital	65	30	95	82
New endowments	1	5	6	35
Expenditure	-	(1)	(1)	(22)
At end of year	<u>66</u>	<u>34</u>	<u>100</u>	<u>95</u>
Represented by:				
Capital	66	34	100	95
	<u>66</u>	<u>34</u>	<u>100</u>	<u>95</u>

**17. Stocks**

	2015 £000	2014 £000
Stock (wine for ceremonies, events and merchandise)	<u>10</u>	<u>9</u>

**18. Debtors and Investments**

	Group		University	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Due within one year</b>				
Trade Debtors	2,547	2,698	2,530	2,680
Amounts owed by subsidiary undertakings	-	-	936	156
Amounts owed by UW UP LLP	250	-	250	-
Accruals and Prepayments	519	557	514	557
	<u>3,316</u>	<u>3,255</u>	<u>4,230</u>	<u>3,393</u>
<b>Due after more than one year</b>				
Amounts owed by subsidiary undertakings	-	-	750	1,450
Amounts owed by UW UP LLP	343	221	120	-
	<u>3,659</u>	<u>3,476</u>	<u>5,100</u>	<u>4,843</u>
<b>Short Term Deposits</b>				
Investments	<u>10,000</u>	<u>5,000</u>	<u>10,000</u>	<u>5,000</u>



**19. Creditors amounts falling due within one year**

	Group		University	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000
Payments received on account	1,315	955	1,315	955
Trade Creditors	2,296	2,376	2,284	2,367
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	12	-
Finance Lease	101	96	101	96
Tax and Social Security	1,503	56	1,503	56
Accruals and deferred income	5,609	4,540	5,420	4,290
Other Creditors	437	386	437	386
Bank Loan	1,429	1,429	1,429	1,429
Other Loan repayments (HEFCE and Salix)	2,214	1,521	2,214	1,521
	<u>14,904</u>	<u>11,359</u>	<u>14,715</u>	<u>11,100</u>

**20. Creditors amounts falling due after more than one year**

	Group		University	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000
Bank Loan	53,285	64,214	53,285	64,214
HEFCE Loan	-	2,125	-	2,125
Salix Loan	252	237	252	237
Finance Lease	3,667	3,768	3,667	3,768
	<u>57,204</u>	<u>70,344</u>	<u>57,204</u>	<u>70,344</u>

**Analysis of loan repayments****Bank, HEFCE and Salix**

	Group		University	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000
Due within one year	3,643	2,950	3,643	2,950
Between one and two years	1,509	3,468	1,509	3,468
Between two and five years	4,957	7,208	4,957	7,208
After five years	47,071	55,900	47,071	55,900
	<u>57,180</u>	<u>69,526</u>	<u>57,180</u>	<u>69,526</u>

**20. Creditors amounts falling due after more than one year (continued)****Analysis of finance lease repayments**

	Group		University	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000
Within one year	366	367	366	367
In more than one year, but not more than five years	1,445	1,454	1,445	1,454
After five years	5,443	5,800	5,443	5,800
Total gross payments	<u>7,254</u>	<u>7,621</u>	<u>7,254</u>	<u>7,621</u>
Less finance charges included above	<u>(3,486)</u>	<u>(3,757)</u>	<u>(3,486)</u>	<u>(3,757)</u>
	<u>3,768</u>	<u>3,864</u>	<u>3,768</u>	<u>3,864</u>

**Finance lease liability**

	Group		University	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000
Opening balance	3,864	3,953	3,864	3,953
Payments	(96)	(89)	(96)	(89)
Closing balance	<u>3,768</u>	<u>3,864</u>	<u>3,768</u>	<u>3,864</u>

The University has a loan facility with Barclays Bank PLC of £80 million for capital development works, of which £59 million has been drawn down to date. The University has not yet exercised rights on the remaining £21 million. Of the loan drawn down to date £50 million is at a fixed interest rate of 4.952%, further tranches of £5 million and £4 million are subject to interest at LIBOR. The repayment schedule of the amount of £59 million loans drawn down includes a bullet payment of £12.5 million payable on 31<sup>st</sup> July 2042. Included within loan balances above is an amount of £341k in relation to a Salix loan granted by HEFCE in pursuance of the University's sustainability agenda.

The University has a 25 year finance lease in respect of the joint library with Worcestershire County Council. The finance lease liability relates to the University share of the library facility, The Hive, opened in July 2012. The Hive has been developed through a partnership between the University of Worcester (UoW) and Worcestershire County Council (WCC) and has been financed through a Private Finance Initiative (PFI). The project partnership is for the provision of a fully integrated public and University library. The PFI agreement is between the contractor, Galliford Try Investments Ltd and WCC for the construction and provision of the library. During the life of the contract the annual unitary payment value is £4.65m, at April 2007 prices. The contract allows for indexation by the retail prices index of the service element of the contract (30% of the unitary payment) annually. A stakeholder agreement exists between WCC and UoW for the 25 year term of the development project. The partners are committed to the project in the share WCC 70% and UoW 30%, or as altered by mutual agreement to reflect actual usage of The Hive by the various parties. The cost is reflected in these proportions after PFI credits have been applied. The value on the balance sheet of £3.768 million relates to a 30% share of the total PFI contract. The finance lease cost represents the UoW obligation to the project for the building element of the agreement plus any allocated depreciation for the period.

**21. Provisions for liabilities**

	Group and University		Total £000
	Pension Provision £000	VAT Provision £000	
At beginning of year	565	170	735
Arising during the year	33	4	37
Utilised during the year	(47)	(49)	(96)
At end of year	<u>551</u>	<u>125</u>	<u>676</u>

The University has provided for future pension costs associated with the granting of additional years of service to certain members of staff taking early retirement. The pension costs are charged directly against the provision. Interest on the balance of the provision is added annually to the provision through a charge to the Income and Expenditure Account. This provision covers pension costs not met by the Teachers' Pension Scheme, Universities Superannuation Scheme and the Local Government Pension Scheme. This provision is expected to be utilised during the staff members' retirement.

The VAT provision relates to the Capital Goods Scheme in respect of the Motion Performance Centre which is expected to be utilised during the coming year and also facilities at the Charles Darwin building which is expected to be utilised over the next five years.

**22. Deferred capital grants**

	HEFCE	AWM	Other	Total	Total
	£000	£000	£000	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000	£000
At beginning of year					
Buildings	13,020	3,160	2,637	18,817	19,350
Equipment	1,199	181	65	1,445	1,576
<b>Total</b>	<u>14,219</u>	<u>3,341</u>	<u>2,702</u>	<u>20,262</u>	<u>20,926</u>
Cash Received					
Buildings	65	-	104	169	271
Equipment	763	-	-	763	262
<b>Total</b>	<u>828</u>	<u>-</u>	<u>104</u>	<u>932</u>	<u>533</u>
Released to income and expenditure					
Buildings	(510)	(58)	(59)	(627)	(804)
Equipment	(307)	(61)	(12)	(380)	(393)
<b>Total</b>	<u>(817)</u>	<u>(119)</u>	<u>(71)</u>	<u>(1,007)</u>	<u>(1,197)</u>
At end of year					
Buildings	12,575	3,102	2,682	18,359	18,817
Equipment	1,655	120	53	1,828	1,445
<b>Total</b>	<u>14,230</u>	<u>3,222</u>	<u>2,735</u>	<u>20,187</u>	<u>20,262</u>

AWM = Advantage West Midlands (formally ceased operations on 31<sup>st</sup> March 2012)

**23. Income and Expenditure account**

	Group		University	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	£000	£000	£000	£000
At beginning of year	30,979	26,408	38,118	33,444
Surplus for the year	3,860	6,421	4,070	6,524
Transfer from Revaluation Reserve	242	241	242	241
Actuarial loss	(3,845)	(2,091)	(3,845)	(2,091)
At end of year	<u>31,236</u>	<u>30,979</u>	<u>38,585</u>	<u>38,118</u>
<b>Represented by:</b>				
Pension Reserve	(19,229)	(15,133)	(19,229)	(15,133)
Income and Expenditure account excluding Pension Reserve	50,465	46,112	57,814	53,251
Income and Expenditure account including Pension Reserve	<u>31,236</u>	<u>30,979</u>	<u>38,585</u>	<u>38,118</u>

**24. Revaluation Reserve**

	Group and University	
	<u>2015</u>	<u>2014</u>
	£000	£000
At beginning of year	11,592	11,833
Released in year	(242)	(241)
At end of year	<u>11,350</u>	<u>11,592</u>

**25. Lease obligations**

The annual commitment under operating leases analysed by expiry date was as follows:

	Group and University	
	<u>2015</u>	<u>2014</u>
	£000	£000
Equipment		
Within one year	-	-
Between two and five years	170	152
	<u>170</u>	<u>152</u>
Land and buildings		
Within one year	270	267
Between two and five years	472	385
	<u>742</u>	<u>652</u>

**26. Capital commitments**

	<u>2015</u>	<u>2014</u>
	£000	£000
<b>University:</b>		
AV Equipment	132	37
Infrastructure Works	1,356	3
City Campus S106	65	81
Equipment	59	54
IT Equipment	67	110
Refurbishment Works	1,729	-
Access Control Equipment	31	-
CCTV Equipment	82	-
	<u>3,521</u>	<u>285</u>

The City Campus, Section 106 commitment above, relates to the 2008 agreement whereby an annual fee of £16.2K per annum is payable for a further 5 years.

**27. Reconciliation of operating surplus to operating cash flows**

	<u>2015</u>	<u>2014</u>
	£000	£000
Surplus on continuing operations after depreciation of assets but before tax	3,968	6,421
Depreciation and amortisation	3,927	3,719
Deferred Capital Grants released to income (Note 22)	(1,007)	(1,197)
Investment Income (Note 6)	(92)	(113)
Interest payable (Note 9)	3,150	3,282
(Increase)/ Decrease in stocks	(1)	3
(Increase)/ Decrease in debtors	(183)	2,277
Increase/ (Decrease) in creditors	2,751	(737)
Profit/ (Loss) on disposal of fixed assets	35	(471)
(Decrease) in provisions	(59)	(27)
Pension cost less contributions payable	253	340
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>12,742</u>	<u>13,497</u>

**28. Analysis of cash flows for headings netted off in the cash flow**

	<u>2015</u>	<u>2014</u>
	£000	£000
<b>Returns on Investments and Servicing of finance</b>		
Income from short term investments	92	113
Interest paid	(3,150)	(3,282)
	<hr/>	<hr/>
<b>Net cash outflow from returns on investment and servicing of finance</b>	<u>(3,058)</u>	<u>(3,169)</u>
<b>Capital expenditure</b>		
Purchase of tangible and intangible fixed assets	(7,441)	(5,576)
Disposal or Impairment of tangible fixed assets	568	1,063
Deferred Capital Grants received	932	533
	<hr/>	<hr/>
<b>Net cash outflow from Capital expenditure</b>	<u>(5,941)</u>	<u>(3,980)</u>
<b>Net cash flow from management of liquid resources</b>		
Cash transferred to term deposits	(5,000)	(5,000)
Utilisation of Endowment Fund balances	(1)	(22)
Endowments received	6	35
	<hr/>	<hr/>
<b>Net cash outflow from management of liquid resources</b>	<u>(4,995)</u>	<u>(4,987)</u>

**28. Analysis of cash flows for headings netted off in the cash flow (continued)**

	<u>2015</u>	<u>2014</u>
	£000	£000
<b>Financing</b>		
Draw down of loans and new loans obtained	4,104	3,173
Repayments of amounts borrowed and set up fee	(16,453)	(2,137)
<b>Net cash (outflow)/ inflow from financing</b>	<u>(12,349)</u>	<u>1,036</u>

**29. Analysis of changes in net debt**

	At beginning of year	Cash Flow	At end of year
	£000	£000	£000
Cash in hand and at bank	<u>18,139</u>	<u>(13,701)</u>	<u>4,438</u>
Short term investments	5,000	5,000	10,000
Debts due within one year	(3,046)	(696)	(3,742)
Debts due after one year	<u>(70,344)</u>	<u>13,140</u>	<u>(57,204)</u>
	<u>(50,251)</u>	<u>3,743</u>	<u>(46,508)</u>



### 30. Pension schemes

The three principal pension schemes for the University's staff are provided by the Local Government Pension Scheme (LGPS) administered by the Worcestershire County Council Pension Fund (WCCPF), the Teachers' Pension Scheme (TPS), and the Universities Superannuation Scheme (USS). The assets of the Schemes are held in separately administered funds.

#### Worcestershire County Council Pension Fund (WCCPF)

WCCPF is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the WCCPF actuary reviews the progress of the WCCPF scheme.

For WCCPF, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations. The contribution payable remained at 12.7% (2014: 12.7%).

Under the definitions set out in FRS 17, the WCCPF is a multi-employer defined benefit pension scheme. In the case of the WCCPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31<sup>st</sup> July 2015.

The pension scheme assets are held in a separate Trustee-administered fund to meet long term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

A full actuarial valuation was carried out at 31<sup>st</sup> March 2013 on a FRS basis by a qualified independent actuary. The major assumptions used by the actuary were:

	2015	2014
Rate of CPI inflation	2.20%	2.30%
Rate of increase in salaries	3.70%	3.80%
Rate of increase in pensions	2.20%	2.30%
Discount Rate	3.80%	4.30%

#### Mortality Assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	As at 31st July 2015	As at 31st July 2014
Males		
Current Pensioner	23.4	23.3
Future pensioner aged 65 in 20 years' time	25.6	25.5
Females		
Current Pensioner	25.8	25.7
Future pensioner aged 65 in 20 years' time	28.1	28.0

**30. Pension schemes (continued)**

The assets in Worcestershire County Council Pension Fund (WCCPF) scheme and the expected rate of return were:

	Long term rate of return expected at 31st July 2015 %	Value at 31st July 2015 £000	Value at 31st July 2014 %	Value at 31st July 2014 £000
Equities	6.50	32,446	7.00	29,280
Government Bonds	2.50	36	3.20	-
Other Bonds	3.60	2,216	4.10	2,089
Cash/Liquidity	0.50	363	0.50	285
Other	6.50	1,272		-
		36,333		31,654

The expected rate of return on plan assets is based on market expectations, at the beginnings of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31<sup>st</sup> July 2015 this yield was 2.5% p.a.

The expected investment return on corporate bonds is based on market yields at the relevant date, although this will normally vary by duration, and the expected return should also take into account the risk of default in the corporate bond yield. As at 31<sup>st</sup> July 2015 the scheme have taken the expected return as 3.6% p.a., which implies a reduction for the risk default of 0.5% p.a. when compared with the corporate bond yield/ discount rate appropriate to the "Mature" deviation profile for example.

It is generally accepted that the yield on equity investments will contain an "equity risk premium" in addition to the yield on Government bonds, which are perceived as the "least-risk" investment class, in order to compensate investors for the additional risk of holding this type of investment. Historical excess equity returns over more than 100 years have been approximately 4% p.a. on average. However, the level of equity risk premium can vary from time to time dependant on market levels and expectations for future returns. The overall expected return on equities as at 31<sup>st</sup> July 2015 was 6.5% p.a., implying an equity risk premium on equities of 4% p.a. over and above the gilt yield of 2.5% p.a.

Reconciliation of fair value of assets	<u>2015</u> £000	<u>2014</u> £000
Fair Value of assets at beginning of period	31,654	29,203
Expected return on assets	2,054	1,941
Actuarial gains/(losses) on assets	787	(1,195)
Employer Contributions	2,082	1,757
Member Contributions	827	721
Benefits/transfers paid	(1,071)	(773)
Fair Value of assets at end of year	36,333	31,654

**30. Pension schemes (continued)**

The actual return on plan assets for the year was £2,842,000 (2014: £1,030,000)

Reconciliation of present value of scheme liabilities	<u>2015</u> £000	<u>2014</u> £000
Benefit Obligation at beginning of year	46,787	41,905
Current Service Cost	2,322	2,106
Interest on Pension Liabilities	2,056	1,932
Member Contributions	827	721
Actuarial losses on liabilities	4,632	896
Curtailments	9	-
Benefits/transfers paid	<u>(1,071)</u>	<u>(773)</u>
Benefit obligation at end of year	<u>55,562</u>	<u>46,787</u>

The value of pension payments made in year to the Worcestershire County Council Pension Fund was £2,888,685 (2014: £2,464,981). Anticipated contributions for 2015/16 will be £3,030,618.

Provision for pensions FRS 17	<u>2015</u> £000	<u>2014</u> £000
As at 1 <sup>st</sup> August	15,133	12,702
Increase in pension liability	4,096	2,431
As at 31 <sup>st</sup> July	<u>19,229</u>	<u>15,133</u>

The following amounts at 31<sup>st</sup> July 2015 were measured in accordance with the requirements of FRS 17:

	<u>2015</u> £000	<u>2014</u> £000	<u>2013</u> £000	<u>2012</u> £000	<u>2011</u> £000
Total market value of assets	36,333	31,654	29,203	22,850	22,134
Present value of scheme liabilities	(55,562)	(46,787)	(41,905)	(38,065)	(32,783)
Deficit – Net pension liability	<u>(19,229)</u>	<u>(15,133)</u>	<u>(12,702)</u>	<u>(15,215)</u>	<u>(10,649)</u>

**30. Pension schemes (continued)**

Amount recognised in the statement of total recognised gains and losses (STRGL)

	<u>2015</u> £000	<u>2014</u> £000	<u>2013</u> £000	<u>2012</u> £000	<u>2011</u> £000
Actual return less expected return on pension scheme assets	787	(1,195)	3,839	(2,106)	1,826
Percentage of year end assets	2.2%	(3.8%)	13.1%	(9.2%)	8.2%
Actual obligation less expected obligation on pension scheme liabilities	4,632	896	827	1,921	622
Percentage of year end liabilities	8.3%	1.9%	2.0%	5.0%	1.9%
Net actuarial (loss) / gain for the year	(3,845)	(2,091)	3,012	(4,027)	1,204
Net percentage actuarial (loss) / gain for the year	(6.9%)	(4.5%)	7.2%	(10.6%)	3.7%

**The movement in deficit during the year is made up as follows:**

	<u>2015</u> £000	<u>2014</u> £000
Deficit on scheme at 1 <sup>st</sup> August	(15,133)	(12,702)
Current service cost	(2,322)	(2,106)
Contributions	2,082	1,757
Past service cost and curtailment	(9)	-
Net (interest) / return on assets	(2)	9
Actuarial gain/(loss)	(3,845)	(2,091)
Deficit at 31 <sup>st</sup> July	<u>(19,229)</u>	<u>(15,133)</u>

**30. Pension schemes (continued)****Teachers' Pension Scheme (TPS)**

A formal actuarial review of the TPS is undertaken by the Government Actuary not less than every four years. Contributions are paid by the University at the rate specified. The Scheme is Unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. As from 1<sup>st</sup> January 2007, and as part of the cost-sharing agreement, the contribution rate was assessed at 20.5% which translates to an employee contribution of 6.4% and an employer contribution of 14.1% payable.

Following the latest actuarial valuation that was carried out as at 31<sup>st</sup> March 2012, the valuation results specify the rate of employer contribution payable for the four year period from 1<sup>st</sup> April 2015 and the employer cost cap, both of which are to be set in regulations. The employer contribution rate payable from April 2015 has been set at 16.4% of pensionable pay, with an average employee contribution rate of 9.6%, giving a total contribution rate of 26%. Following agreement between the Department for Education and HM Treasury, the employer contribution rate was implemented on 1<sup>st</sup> September 2015. The employer contribution rate is based on the implementation period specified in the Directions and has not been adjusted for later implementation. In isolation, this will result in a small deficit at the next valuation.

The employer contribution rate is expected to be reassessed at the actuarial valuation to be carried out as at 31<sup>st</sup> March 2016 (and each subsequent four yearly valuation). The next revision to the employer contribution rate is expected to take effect from 1<sup>st</sup> April 2019. The financial position relative to the employer cost cap will also be reconsidered at each four yearly valuation.

Under the definitions set out in FRS 17, the TPS is a multi-employer defined benefit pension scheme, the assets of which are held separately from those of the University in independently administered funds. As the University is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the Income and expenditure account in the year to which they relate. The University has set out below the information available on the deficit in the scheme and the implications for the University in terms of anticipated contribution rates.

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest Actuarial Valuation	31 <sup>st</sup> March 2014
Gross rate of return	5.06%
Real rate of return	3.00%
Long term salary growth	4.75% pa, 2.75% pa in excess of assumed CPI
Aggregated scheme assets	£176.6bn
Aggregate scheme liabilities	(£191.5bn)
During the year all employers paid the same contribution rate;	14.1%
During the year all employees' contribution varied dependent on members full time equivalent salary	between 6.4% and 12.4%

The value of pension payments made in year to the Teachers' Pension Scheme was £4,101,962 (2014: £3,661,446). Anticipated contributions for 2015/16 will be £4,303,507.

### 30. Pension schemes (*continued*)

#### Universities' Superannuation Scheme (USS)

##### Principal accounting policies

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

##### Pension Costs

The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The total cost charged to the profit and loss account is £363,132 (2014: £432,990). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31<sup>st</sup> March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1<sup>st</sup> April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

**30. Pension schemes (continued)**

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality      S1NA ["light"] YoB tables – No age rating

Female members' mortality      S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	2015	2014
<b>Existing benefits</b>		
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

**31. Access to learning fund**

Funding Council Grants received in respect of the Access to Learning Fund are available solely for students; the University acts only as a paying agent. Due to a change in Government policy no funding was received during the 2014/15 academic year and instead the University funded the equivalent support under the Access agreement.

	<u>2015</u> £000	<u>2014</u> £000
Funding Council Grants	-	290
Disbursements to Students	-	(262)
Balance unspent at 31 <sup>st</sup> July	<u>-</u>	<u>28</u>

**32. NCTL Training salaries**

Funding received from the Teaching Agency for Schools in respect of the PGCE Training Salaries is available solely for students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

	<u>2015</u> £000	<u>2014</u> £000
Funding	2,299	1,990
Disbursements to Students	(2,206)	(1,923)
Balance unspent as at 31 <sup>st</sup> July	<u>93</u>	<u>67</u>

**33. National Scholarship Programme**

	<u>2015</u> £000	<u>2014</u> £000
Funding	366	711
Disbursements to Students	(366)	(711)
Balance unspent as at 31 <sup>st</sup> July	<u>-</u>	<u>-</u>



### **34. Related party transactions**

Due to the nature of the University's operations and the composition of the Board of Governors (with members drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest.

All transactions involving organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures, which require individuals to declare any interest. However there have been no material transactions with members of the board during the accounting year.

The University has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that its subsidiary undertakings are wholly owned by the group.

#### **UW UP LLP:**

UW UP LLP, formerly known as UW Wrenbridge LLP, was formed on 12<sup>th</sup> May 2011 as a Joint Venture (JV) partnership between U W Developments Limited (a wholly owned subsidiary of the University of Worcester) and Wrenbridge Land Limited. The JV at the time was a 50/50 partnership formed for a period of 10 years. On 20<sup>th</sup> March 2015 the two original partners agreed that their respective priorities lay elsewhere. U W Developments Limited wanted to focus on the University's recent developments at the Riverside and City Campus; whilst Wrenbridge Land Limited wanted to focus on developments closer to its offices in Cambridge and London. Accordingly the partners completed an Agreement that resulted in the University of Worcester becoming a new member with Wrenbridge Land Limited relinquishing its membership of the partnership.

Further details relating to the joint venture are included at note 15. The balance on the partner's loan account with U W Developments Limited at the year-end was £223,000 and interest of £2,000 at a rate of 1.25% was accrued during the year. Following the change in membership the University advanced an initial loan of £120,000, with interest of £1,000 at a rate of 1.25% being accrued during the year, along with a short term cash advance of a further £250,000 in order that the LLP could meet its short term obligations.

Future developments and opportunities have been considered by the two new members, U W Developments Limited and the University of Worcester, and both parties agree that the remaining land associated with the joint venture should be brought back under the control of the University, and for it to become part of the University's overall development plan for the site.

On 9<sup>th</sup> April 2015, following the change in members the LLP changed its name from UW Wrenbridge LLP to UW UP LLP.

#### **University of Worcester Students' Union:**

In accordance with FRS 2, the activities of Worcester Students' Union have not been consolidated on the grounds that the University does not operate dominant influence over its activities. During the year, the University contributed grants of £370,000 to the Students' Union. In addition, the Students' Union occupies the building on a rent free basis under a licence agreement, subject to the Union maintaining the building in a good state of repair. The President and Vice President (Education) occupy a position on the Board of Governors.

